FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,852

Monday April 30 1979

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr. 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Nuclear waste go-ahead by U.S.

The U.S. Administration has officially approved the export of another shipload of spent nuclear fuel by Japan for reprocessing at Windscale and at La Hague in France.

The approval, subject to Congress backing, was given by the U.S. Nuclear Regulatory Commission despite fears that the reactor accident at Three Mile Island might have delayed the granting of Japanese export requests.

The spent nuclear fuel storage capacity of the two Japanese electrical companies is almost full and they might have had to stop operating if export of nuclear waste was delayed. Back Page

Atom leak probe

The Energy Secretary has called for a public inquiry after a report showed that there was a four-month delay before samples from a serious radioactive leak at the Windscale nuclear plant were properly analysed and investigated. Page 4

Interpol alert

Interpol has asked Continental ports to look out for a luxury yacht believed to have been sailed from Guernsey by two brothers wanted for questioning in connection with the death of a water board official in Dunsfold, Surrey.

Ulster security

A part-time Ulster soldier was shot dead near Edendork, Co. Tyrone, yesterday as Northern Ireland police began a security round up prior to the General Election. At least 25 Provisional IRA memebrs and sympathisers have been held in Belfast. Page 6

East-West deal

France and the Soviet Union have signed a wide-ranging document pledging to work for East-West detente, but remained divided on disarmament after three days of talks in Moscow. Page 2

Poll 'dead heat'

Early returns in the State elections in Schleswig Holstein, West Germany, showed the Christian Democratic Government to be apparently in a dead heat with the Opposition Social Democrats.

Istanbul curfew

Turkey has jailed seven trade union leaders and ordered a 29-hour curfew in Istanbul on May Day to prevent workers from holding a rally in defiance of an official ban. Page 2

Suez passage

A fee of $10,000 has been paid for the Suez Canal passage of the freighter Ashdod, which will be the first Israeli ship to pass through the canal. Page 2.

Vorster accused

Dr. Connie Mulder, the former South African Information Minister involved in an administration scandal, said he was forced to lie in Parliament on the instructions of Mr. John Vorster, former Prime Minister and now State President. Page 2

Briefly . . .

Israeli Cabinet has voted to bring in the death penalty for "inhuman terrorist crimes."

French marine experts rule out serious pollution following the sinking of the tanker Gino off Brittany.

Spanish Grand Prix was won by Patrick Depailler of France driving a Ligier.

Fire destroyed nearly half a million bottles of port and brandy in Sandeman stores at Vila Nova de Gaia, Portugal.

BUSINESS

Iran oil exports pegged at 3m. b/d

● IRAN is to hold oil exports down to about 3m barrels a day —less than two-thirds of the output before the revolution. Already an energy crisis for the West next winter is being predicted.

Iran is confident it can manage this output without foreign experts. Back Page

A form of nationalisation for Iranian banks, insurance companies and some sections of industry is envisaged in a draft constitution. Page 2

● SIGNIFICANT amount of foreign currency is likely to flow into the UK this month, most having come in before the Bank of England's April 5 decision to stop large scale intervention to check the rise in the exchange rate. Back Page

● BRITISH PETROLEUM and Shell have been served with notices requiring them to give Scotland Yard all documents concerned with Rhodesian oil supplies. Back Page

● SATELLITE-BASED communications system will be introduced soon on a number of larger British naval vessels under a £70m contract with GEC subsidiary Marconi Space and Defence. Back Page

● POST OFFICE is to try to introduce manual billing of telephone customers to bypass the effects of the computer workers' strike which has halted the issue of all telephone bills since April 5. Page 8

● SHARP RISE in the cost of meat, fresh fruit and vegetables pushed the FT grocery price index up 1.76 per cent in April. Page 5

● UN plans to boost the world's shipping ind. could throw two-thirds of Britain's bulk carrier fleet out of business, a report claims. Page 4

● NEW SPANISH Government monetary measures include a brake on foreign credit. Firms seeking funds in the Euromarket will have to make a peseta deposit with the Bank of Spain for 25 per cent of the credit value.

● EEC and China have postponed the first meeting of a trade committee which was to have taken place in Peking next month because member States cannot agree on limits for Chinese cotton cloth exports to the Community.

● FACTORY closures are expected following over-production of industrial fasteners in western Europe. Page 4

● INSURANCE brokers will need to keep at least £1,000 in their working capital as a condition of official recognition. This is one of the main requirements in an order published by the Insurance Brokers' Registration Council. Page 4

● PAKISTAN'S wheat harvest is expected to be in excess of the 9.5m tonne target and is bound to have a favourable impact on the country's large trade deficit.

COMPANIES

● CONSORTIUM offer for Sir Hugh Fraser's family trust's holding in SUITS has been defended in the latest round of the SUITS-Lonrho battle. Page 30

● BABCOCK AND WILCOX, the engineering and contracting combine, was committed to capital expenditure of £43.8m at the end of 1978, compared with £27.9m 12 months earlier, according to the annual report. Page 30

● SUN LIFE Assurance Society's total funds, inluding the proprietor fund and investment reserve, reached £1.01bn last year. Page 30

CONTENTS

For latest Share Index phone 01-246 8026

Times halts first European edition after violence

BY GUY HAWTIN IN FRANKFURT AND JOHN LLOYD IN LONDON

The management of Times Newspapers yesterday abandoned production of the first issue of its European weekly edition. The decision followed three days of violent demonstrations outside the works where it was to be produced.

The halting of production was surprising because West Germany's print trade union, Industriegewerkshaft Druck and Papier (IG Druck), confessed last week that it had virtually no hope of stopping the first edition.

The violence appears to have occurred late on Saturday and early Sunday. Times management said that there were fears of widespread sabotage at the printing works, TER Druckerei, the Zeppelinheim-based subsidiary of the Turkish Tergeman newspaper group.

A paraffin-soaked rag had been thrust into a ventilator leading to the machine room and serious damage could have occurred if it had been ignited.

A BBC reporter who had attempted to gain admission to the plant yesterday morning said that he had been physically prevented from approaching it by the demonstrators. A "knife was produced," and his car tyres were slashed, he claimed.

The European edition was planned in order to make The Times available to its international readership in weekly form while the UK paper remained unpublished.

The project was stepped up after a re-launch of Times newspapers, which had been planned for April 17, was abandoned because of a deadlock in negotiations between management and the print union involved, the National Graphical Association.

Mr. Les Dixon, NGA president, said yesterday that Times Newspapers "bore a heavy responsibility" for any violence which might have occurred.

He said that the NGA would continue to count on the support of IG Druck, and that his union would be instituting an inquiry into the allegations of violence. He is to address representatives of Times journalists today.

Mr. Dixon, who had earlier heard a report from Mr. John Willats, an NGA national officer who returned from Germany on Saturday, said that there was "no way" the union could be associated with violence, and added that he found it difficult to believe that IG Druck would be responsible for violent demonstrations.

"It is astonishing that a paper with the reputation of The Times would give a contract to a company which employs non-unionised immigrant workers, where an extreme right-wing newspaper is printed."

The Times management made its announcement at a hastily-called Press conference at a hotel near Frankfurt international airport.

A puzzling aspect of the affair is that the Press were informed of the decision not to print at 11 am, yet a spokesman for the printers said that his company was not informed until 2 pm of The Times' decision.

Mr. Michael Mander, the deputy chief executive of Times Newspapers, and Mr. William Rees-Mogg, editor of The Times, said that it had been decided to abandon printing in Frankfurt because of "criminal violence" by demonstrators at the printing plant.

The decision had been made solely by the management of The Times who felt that the risk to life and property that the print run would entail was unjustified.

A statement issued by The Times management after the Press conference said that the local police were prepared to provide protection for the print

Continued on Back Page

Imports take record 56% of British car market

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

IMPORTED CARS are believed to have taken a record share of the UK market this month. Figures circulating within the industry show that imports accounted for 56.5 per cent of home sales in the first 24 days of April compared with less than 49 per cent in the same period a year before and 55.2 per cent in March.

A resurgence in Ford sales has taken its share of the market to nearly 33 per cent, but BL Cars dropped back to only 18.3 per cent.

Total U.K. sales during April seem likely to exceed the 136,000 of 12 months ago and will raise hopes that demand could approach the record level of 1973.

The disturbing factor for the U.K. assembly and component sector is the extent to which importers are consolidating their share of the home market. Contrary to industry forecasts that imports this year would remain fairly stable at around 50 per cent, cars manufactured overseas not only accounted for nearly 54 per cent of sales in the first three months but are continuing their advance.

The good showing by Ford this month must account for some of the growth. Cortinas are being imported from Belgium and West Germany, and Fiestas from Spain, to keep pace with demand. Nearly 50 per cent of Ford cars sold in the UK in the first three months of the year were assembled overseas compared with about one-third 12 months earlier.

Chrysler UK, which imports the increasingly popular Horizon from France, has raised its market share from 7.42 per cent last month to 8 per cent according to the industry estimates. Vauxhall accounted for 6.6 per cent in the first 24 days of the month.

The upsurge in imports is viewed with some concern in BL Cars, but a senior executive said last night that the company's apparently poor April performance should be viewed in context. He claimed that an incentive scheme to Austin-Morris dealers which closed at the end of March could have pulled sales forward into that month, when BL had 20.8 per cent of the market. An aggressive promotions campaign coupled with some model improvements would boost BL sales for the year as a whole.

BL Cars claimed just over 22 per cent of the UK market in the first quarter against a target for the year as a whole thought to be around 25 per cent.

Economic activity recovers

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LEVEL of economic activity appears to have recovered quite sharply from the effects of the industrial disputes and of bad weather at the beginning of this year. This is suggested by a variety of new retail sales and business opinion data.

However, there is uncertainty about whether the upturn merely represents a temporary catch-up, and hence about the underlying level of demand.

The latest figures from the department stores and food shops of the John Lewis Partnership indicate a rise of nearly 23 per cent in the value of sales in the four weeks to April 21 compared with the same period of 1978. Over the last couple of months the rise has been nearly a fifth.

This could be explained both by a reduction in the level of personal savings from previous high levels and by the impact of large back-payments of wages as a result of delayed pay deals.

The Confederation of British Industry monthly trends inquiry published at the beginning of the month reported "a significant pick-up in demand and output expectations, reflecting some catching up after the disputes."

The results of the more detailed quarterly survey are being collated and are due to be published at the end of next week. Meanwhile, reports from industry suggest an upturn in activity, though possibly only of a temporary nature.

A revealing indication of the thinking of business is provided by the latest ITEM forecasts by an independent group using the Treasury's forecasting model of the economy. The business members of the group from big companies supply the judgments required for the economic projections rather than officials.

The ITEM commentary notes that these business members believe that temporary factors were dominant in the slowdown in the economy over the winter, consequently, a strong recovery of manufacturing output has been built into the projections for the spring and summer of this year. This is similar to the response of the economy after the three-day week in 1974.

This bounce-back has been imposed on the forecasts on the basis of the members' experience with their own order books which showed few cancellations as a result of the winter's problems. Moreover, there may also be a delayed response to last year's increase in demand. But this may merely defer industry's difficulties until 1980.

Big foreign currency inflows Back Page

Initiative on inflation accounting

BY DAVID FREUD

THE UK accounting profession today launches an initiative to reach agreement on common procedures to adjust company accounts for the effects of inflation.

The proposals, drawn up by the Accounting Standards Committee, the rule-making body of accounting, are the latest in a debate that has aroused strong argument in the profession since the early 1970s.

The committee is inviting comments on its proposals, contained in Exposure Draft 24, over the next five months. It hopes that the suggested new standard will apply — unless there are strong objections — to financial statements for periods beginning on or after January 1, 1980.

The draft proposes that with certain exceptions such as insurance and property investment, the standard should be mandatory for all listed companies and all businesses with a turnover of £5m or more.

The committee estimates that this threshold would bring about 5,500 businesses within the scope of the standard.

The mandatory nature of the proposals, which were drawn up by the Inflation Accounting Steering Group under the chairmanship of Mr. Douglas Morpeth, is in line with the original Morpeth proposals, which were rejected by the accounting profession in 1977.

However, ED 24 calls for the inflation adjustment to be in the form of a supplementary statement to the historical cost accounts, rather than totally replacing them as the original Morpeth proposals laid down.

In this respect ED 24 follows the approach of the simple "Hyde Guidelines," which, however, are not mandatory on companies.

Continued on Back Page
Details Page 5

Fed move to tighten interest rates

By David Lascelles in New York

TRADING IN the key Federal funds market in the next few days is expected to show by how much the Federal Reserve Board has decided to tighten credit.

For the first time in more than four months, the Fed drained reserves from the market in the closing hours of last week to nudge interest rates up from the 10 to 10¼ per cent level where they have stood since December 20.

The characteristically secretive move had been expected by the market for some days. But Mr. William Miller, Fed chairman, is likely to be criticised for his handling of these latest moves.

Market analysts have estimated the Fed's new minimum target range to be 10¼ to 10½ per cent. The maximum should become clear when the Fed intervenes at its new upper limit. However, most market economists believe the Fed wants only a mild tightening, possibly to about 10½ per cent.

The Fed's move came in the wake of the latest Consumer Price Index which showed prices rising at an annual rate of 13 per cent in the first three months of the year, and a surge in the money supply for the second week running. It was therefore no surprise.

But there is some concern in Wall Street about the way Mr. Miller has behaved during the intense speculation over interest rate changes which has gripped the markets in the last two weeks.

Before the last Fed Open Market Committee (FOMC) meeting on April 16, at which credit policy for the following month would have been set, he took the highly unusual step of declaring publicly that he did not think an increase in rates was justified.

His comments had a soothing effect on the markets, although many in Wall Street disagreed with his view. Yet within days of his statement, the new inflation and money supply figures changed the scene abruptly, and precipitated the Fed's policy change.

Mr. Miller's public comments were part of a ploy to fend off White House pressure to tighten credit, but there is a strong feeling in Wall Street that the Fed chairman should not speak out when the market is so sensitive.

Editorial Comment, Page 16
Sears puts off price rises, Back Page

Thatcher sure unions would help Tories

BY RICHARD EVANS, LOBBY EDITOR

MRS MARGARET THATCHER expressed her conviction yesterday that trade union leaders would work with a Conservative Government, in spite of renewed attempts by Labour leaders to warn of the inevitable conflict that would follow a Tory victory in Thursday's General Election.

In a speech to Conservative trade unionists in London, Mrs. Thatcher avoided an emotive attack on the unions. She concentrated instead on the vital role they would have to play in the country's economic recovery if the Tories gained power.

"When the dust settles, when the excitement of electioneering dies away, there is work to be done, and the union leaders will work with a democratically-elected Government as they have done in the past. Of that I am confident," she said.

Although the remarks were carefully tailored for her trade union audience, they followed a tactical decision reached yesterday by Mrs. Thatcher and her campaign managers against changin course for the three remainin campaining days.

The evidence of the opnion polls continues to be contradictory, but Conservative leaders are confident that they still have a sufficient lead to gain an overall majority on Thursday .

They believe a change of strategy at this stage, which could only mean a more strident approach, would be counter-productive.

Conflicts

Their view remains that the issue of the trade unions and their relations with the Government will benefit the Conservatimes after the industrial unrest of the winter.

But this is not the opinion of Labour leaders, and Mr. Denis Healey, Chancellor, did his utmost yesterday to warn the electorate of the conflicts that would follow a Tory victory.

He told the shop workers' conference at Eastbourne that Mrs. Thatcher took pride in her attitude of extreme and unremitting hostility to the "destroyers" in the trade unions. She openly rejected consensus, and gloried in confrontation.

"It is clear that if she won the election, the British people would be in for a re-run of their disastrous experiences under the last Conservative Government, when Mr. Heath tried to improve industrial relations by facing union negotiators with an apparatus of bureaucratic legal constraints . . . Do we really want to go through all that miserable experience again ?" he asked.

In a message to all Labour candidates today, the Prime Minister concentrates on meeting the Conservative pledge of income tax cuts by claiming that this would inevitably mean increased prices. The truth was that the Conservatives had promised more than they could deliver. "They have been found out. That is why they are beginning to panic," he says.

Apart from policies to counter inflation, Labour leaders intend to concentrate in the next three days on jobs and the prospect that a Thatcher Government would mean a massive reduction in State aid to industry and a subsequent loss of employment.

After the MORI poll in Saturday's Daily Express, which showed the Tory lead reduced to 3 per cent—barely sufficient for an overall majority—there was better news for the Conservatives and a less hopeful trend for Labour yesterday.

Gallup in the Sunday Telegraph showed the Tories 8 per cent in front, compared with 4½ per cent a week ago. The latest poll by Marplan for the Weekend World programme on London Weekend Television suggested that the Tories could have an overall majority of around 60 in the new Parliament.

A survey in 100 key marginals in England—where the election will be won and lost—showed a Conservative lead of 13 per cent over Labour, one point up on a week ago. The figures were Conservatives 53 per cent, Labour 40, Liberal 7. This gives a swing of 6 per cent to the Tories since the last General Election.

The poll against this trend was by Research Services in the Observer. This showed a substantial Tory lead of 13 per cent, but a big fall of 7 per cent over the week.

The private polls of Conservative Central Office are still showing a lead sufficient to give a working majority.

Mr. David Steel, Liberal leader, made a plea last night in his last television party political broadcast before the election for a substantial number of Liberal MPs to ensure that neither major party had an overall majority.

Election News Page 6
Party games with capital taxes Page 29

OVERSEAS NEWS

Call for tanker crash inquiry

BY TERRY DODSWORTH IN PARIS

FRENCH NAVAL authorities seemed almost convinced last night that no significant coastal pollution will result from the sinking of the Liberian-registered oil tanker, Gino, off Britanny.

But the accident, occurring only a year after the Amoco-Cadiz disaster, led to an immediate call for an inquiry from the French shipping unions, and a demand for further tightening of international maritime regulations.

The Gino, sailing into the Channel with a cargo of 41,000 tonnes, went down after collision in fog with the Team Castor, an empty Norwegian vessel.

The two vessels were moving in roughly opposite directions, about 25 miles to the west of Brittany, and well outside the new advisory shipping lanes recently established by the French and UK authorities to control traffic

Observers are puzzled that the tankers met almost head on in an area where shipping is required to give constant warnings of position.

The Gino had also reported to the Brest authorities that it was due to enter the traffic-controlled zone.

The position of the accident means that neither captain can be pursued under the new French law, passed this year, to punish alleged navigational negligence in the Channel.

Questions are bound to be asked again about the surveillance of Channel shipping, particularly in the area of Brittany, which has suffered a series of accidents in the past few years.

Threat to Rhodesia Parliament

BY TONY HAWKINS IN SALISBURY

FRICTION between and within Rhodesia's domestic black nationalist parties this weekend cast a shadow over the successful one-man-one-vote elections.

The Rev. Sithole, leader of ZANU, repeated his threat to boycott the country's new Parliament because of what he calls "gross irregularities" at the polls.

Mr. Sithole has not been able to substantiate his accusations. But even after the Election Supervisory Commission had reported on Friday that it had no evidence of irregularities, the ZANU leader said that without an independent commission of inquiry his party would refuse to take up the 12 seats it won at the poll.

This means that the 12 seats would remain vacant until the next election since under the system of proportional representation, there is no provision for by-elections.

At the same time, Chief Jeremiah Chirau, leader of Zupo, whose party failed to win a seat at the election, has come out against the poll, saying he wants the existing four-party transitional Government to be maintained.

The Chief has always argued that the elections in themselves would solve nothing, and that they must be followed by an all-party conference with the external Patriotic Front.

To add to the difficulties of the new Government to be established by Bishop Muzorewa at the end of May, Mr. James Chikerema, the Bishop's deputy leader, decided to revive his personal attacks on the Bishop, whom he has again accused of "tribalism and nepotism" in the selection of candidates for the elections.

Mr. Chikerema appeared to be sounding a warning to the Bishop that in his Cabinet—the Bishop will be able to choose nine Ministers—he should take account of all tribal groups in the country

Despite the attacks on the elections by the Rev. Sithole and Chief Chirau, political observers here are convinced that Bishop Muzorewa will press on with implementing the agreement appointing a Cabinet from his own ranks and including six Rhodesian Front supporters from Mr. Smith's party and two from Chief Ndiweni's United National Federal Party.

Iran 'to take over' banks and insurance

By Simon Henderson in Tehran

A FORM OF nationalisation is envisaged for Iranian banks, insurance companies and certain sectors of industry in a draft of the country future constitution published in a Tehran newspaper at the weekend.

The banks and insurance companies would come under the umbrella of a single government authority which would supervise their activities.

The Government would also be responsible for nationalisation of key and heavy industries. Foreigners would only be allowed to work in Iran if the National Assembly decided the tasks were necessary and important.

No claim of complete authenticity has been given for what was published, but Mr. Haj Sayyed Javadi, Interior Minister, said yesterday it was an amalgam of known views of the constitution.

The ne Islamic constitution to replace that of the Shah's dynasty is being drafted in secret.

Its publication has been postponed indefinitely because political difficulties are believed to have arisen over regional autonomy and the Sunni Moslem minority.

The published draft says separatism is out of the question and non-Shia Moslems will be able to lead their lives in accordance with the principles of their own sects. The religions of Zoroastrians, Jews and Christians will also be recognised.

The document has, however, a strong Islamic complexion. Article six is quoted as saying that the slogan of the Islamic Republic is "the best people are the most pious."

The courts will be run according to Islamic law, and religious leaders will appoint representatives to ensure that no anti-Islamic law is passed. The country's religious leader—at present Ayatollah Khomeini—would be the final arbiter.

Neither leftists nor rightist would be allowed to stand for the National Assembly.

GISCARD AND BREZHNEV SIGN NEW ACCORDS

New life for Paris-Moscow detente

BY ROBERT MAUTHNER

THE SOVIET UNION and France have given a fresh impetus to their "special relationship" with the signature in Moscow of a programme for the development of detente and a new 10-year economic programme, spanning the period 1980-90.

The documents, along with others covering the scientific, technical and cultural co-operation, were signed by Mr. Leonid Brezhnev, the Soviet leader and M. Giscard d'Estaing, at the end of the French President's three-day official visit to the Soviet Union

Although M. Giscard d'Estaing described the meeting as "the most useful" he had had with the Soviet leader since he became President in 1974, and although Mr. Brezhnev said the Soviet Union had every reason to be satisfied with the outcome of the talks, it was clear that Paris and Moscow continue to disagree on a number of important problems.

The main bones of contention remain the two countries' different policies on disarmament, both in the nuclear and conventional fields, and their attitude towards China. Mr. Brezhnev failed to convince his visitor either to conclude a non-aggression pact with the Soviet Union "under which both countries would undertake not to be the first to employ nuclear weapons," or to participate in eventual SALT 3 talks which would deal with medium- and short-range nuclear weapons stationed in Europe.

M. Giscard d'Estaing, on the other hand, made little progress in gaining the Soviet leader's support for a Pan-European disarmament conference on conventional weapons. However, a somewhat vague phrase in the detente programme indicates that the French proposal has not been rejected out of hand.

The most concrete results of the Franco-Soviet discussions on detente were the decision to hold bilateral summit meetings once a year and the undertaking to co-ordinate the two countries' policies in all situations which threatened world peace.

And the 10-year economic co-operation programme complemented by a separate agreement covering the period 1980-1985, again provides for a tripling of trade between the two countries over the first five years of the next decade.

Its main emphasis is on industrial co-operation and the conclusion of long-term agreements between French companies and Soviet trade organisations. Although the annexes to the agreement, giving details of specific joint projects, have not yet been published, the document lists the areas which offer the best prospects for co-operation.

These include new sources of energy, energy-saving equipment, transport equipment, electronic products including computers, machinery and machine tools, metals chemicals and petro-chemical products.

The agreement specifies that French companies and banks will take part in the building of industrial complexes in the Soviet Union and that similar Soviet institutions will take part in industrial projects in France.

A special feature of the agreement is that French companies providing equipment, licences and credit for the building of factories in the Soviet Union will be partialy or totally reimbursed by the products manufactured by the new industries.

France and the Soviet Union have also agreed to grant each other credits for these joint projects "on the most favourable conditions possible." But the precise credit terms were not revealed.

Israeli ship for Suez as Sinai talks go on

BY L. DANIEL IN TEL AVIV

TWO FURTHER steps were taken yesterday toward the normalisation of relations between Egypt and Israel. While a freighter was heading up the Gulf of Suez to become the first Israeli vessel to pass through the Suez Canal for 25 years, the joint Egyptian-Israeli military committee was meeting in Sinai to discuss moves towards Israeli withdrawal from the peninsular.

Meanwhile the Israeli Government approved by a majority of one a proposal by Mr. Menahem Begin, the Prime Minister, to permit the military prosecutor to demand the death sentence in trials involving terrorism of extreme brutality.

Five ministers voted against the proposal, including Mr. Ezer Weizmann, the Defence Minister, and superhawk Mr. Ariel Sharon, Minister for Agriculture. One Cabinet member abstained.

The freighter, the Ashdod, left Israel's Red Sea port of Eilat and is expected to join the north-bound convoy through the canal due to leave at 6 am this morning.

Its final destination is Haifa where it is to join the Mediterranean services of Zim, the Israeli shipping line.

The joint military committee, which is to supervise the Israeli pull-back from Sinai, met for the first time yesterday morning to discuss a programme of work, most of which will be carried out by sub-committees.

These will deal with the various military and civilian aspects of the withdrawal including the handover to the Egyptian authorities at noon on Friday, May 25, of the town of El Arish and the surrounding area. The committee is due to meet there on May 6.

The Israeli Cabinet is due to meet again today to consider proposals for a ban on public construction work, other than housing, so as to free manpower for the work connected with redeploying Israeli forces in the Negev and moving Israeli settlements from Sinai.

AP adds from Tehran: Iran is considering severing diplomatic ties with Egypt, Deputy Prime Minister Abbas Amir-Entezam said yesterday.

Mulder 'forced to lie' to MPs

By Quentin Peel in Johannesburg

DR. CONNIE MULDER, the former South African Minister of Information, disgraced because of maladministration in his department, claimed yesterday he was forced to lie to Parliament on the instructions of Mr. John Vorster, the former Prime Minister, now the President.

He also claimed that a plan to buy the Washington Star newspaper for $10m had been approved by a three-man Cabinet committee consisting of himself, Mr. Vorster, and Dr. Nico Diederichs, the late President and former Minister of Finance.

● Mr. Pik Botha, South African Foreign Minister, and Mr. Chris Heunis, Economic Affairs Minister, met their counterparts from Botswana, Lesotho and Swaziland in Mbabane, in what is seen here as an attempt to launch talks on the "southern African alliance" South Africa is seeking to establish.

China-Vietnam conflict may spread

By K. K. Sharma

THE CONFLICT between China and Vietnam now threatens to spread to other countries in Indo-China.

Laos has asked the U.N. to intervene to protect it from armed attacks from China. Vietnam has rejected the counter-proposals made by China last Thursday on normalisation of relations between the two countries.

The Laos development is of immediate significance, since Vientiane has long been complaining of a Chinese military build-up on its borders.

It has followed allegations of border clashes with a serious charge that Chinese troops have now occupied a large provincial town.

The U.N. will almost certainly not be able to respond to the Laotian appeal, since Peking has a veto in the Security Council.

There is now an uneasy lull, but at least Vietnam—and almost certainly China—is making open efforts for renewed fighting.

Curfew in Istanbul

BY METIN MUNIR IN ANKARA

A TOTAL curfew is to be imposed in Istanbul, Turkey's largest city, on May Day, in a bid to prevent political violence.

This was announced yesterday, less than 24 hours after seven leaders of the Confederation of the Revolutionary Trade Unions of Turkey (DISK), were arrested for defying the Istanbul Martial Law Command's ban on May Day rallies.

Under the martial law curfew, people were ordered to stay off the streets from midnight yesterday to 5 am on Wednesday.

The moves indicate that the military are now following a tougher policy in their bid to establish law and order in Turkey, where political violence has become endemic, and a threat to democracy.

Gen. Necdet Urug, Istanbul's martial law commander, said the curfew was "against the possibility, however slim, that conditioned, irresponsible people who have blackened their minds and their hearts to the extent of revolting against State authority, may stage certain activities."

Troops were under orders to open fire on curfew violators and Gen. Urug ordered people not to approach the soldiers "closer than 30 metres."

Passengers arriving at Istanbul's Yesilkoy airport during curfew hours will have to wait until arrangements are made to take them to their hotels. Ships will not disembark passengers until the curfew ends.

Mr. Abdullah Basturk, DISK's chairman, Mr. Kemal Nebioglu, the deputy chairman, Mr. Fehmi Isiklar, the secretary-general, and four other DISK executives were taken into custody during a raid on the Confederation's Istanbul headquarters yesterday.

Sixteen Istanbul unions belonging to DISK were also raided and searched, and about 100 other union members taken into custody.

If charged, the union leaders face trials by military tribunal and could theoretically remain in jail until the case is over.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Kuwait power contract goes to Deutsche Babcock

BY LESLIE MITCHELL IN KUWAIT

DEUTSCHE BABCOCK and the Kuwait Ministry of Electricity and Water will shortly sign a 73.6m Kuwaiti dinar (£129m) contract, under which the West German company will provide eight boilers for the £550m Doha West power station/desalination project.

In making the contract award, the bidding for which had provoked a long period of political controversy, the Ministry also considered a closely competing bid from an American-Japanese joint venture involving the Riley Stoker and Mitsui Shipbuilding and Engineering.

The original tenders were for the manufacture of six boilers with two options, but this evolved into a comprehensive eight-boiler project.

A controversy surrounding the contract bidding centred on allegations by the local newspaper, Al-Rai Al-Aam that the Ministry was being less than impartial on behalf of Deutsche Babcock.

The company's agent in Kuwait was a cousin of Mr. Abdullah Al-Ghanim, then the Electricity and Water Minister.

Mr. Al-Ghanim resigned his Government Cabinet position last month in the midst of the controversy.

The newspaper alleged that the Ministry was deliberately delaying making a contract award to give Deutsche Babcock, said by observers to be the favoured company, a chance to retender its bid at a more satisfactory price. Tenders for the original bids closed in August of last year.

In November the Ministry's technical committee is understood to have recommended that the boilers contract be awarded to Deutsche Babcock and a contract for turbines to a joint venture of Mitsubishi Electric and Mitsubishi Heavy Industries.

But the awarding of the contracts was apparently delayed because the Council of Ministers had directed Mr. Al-Ghanim's Ministers to negotiate for partial payment of the turbine equipment with Kuwaiti LPG. This delayed matters until January 3 when the LPG suggestion was rejected as not being feasible. At this stage Mr. Al-Ghanim's Ministry sent its recommendations to the Central Tenders Committee. The Mitsubishi consortium was then awarded the turbines' contract but there was still no announcement on the boilers' award.

Riley/Mitsui extended its bid until late-January, but dropped out when no award was made, and have said it declined to make a new bid because of increased costs and the apparent rejection of its earlier proposal by the Ministry. So that by the time the Council of Ministers awarded the boilers contract in early April to Deutsche Babcock it was the only company in the running.

Mr. Al-Ghanim, in his letter of resignation, said he did so because newspaper attacks had weakened the confidence of the Government's Central Tenders Committee and the Council of Ministers in him to such an extent he could no longer do his job effectively.

The newspaper's criticisms caused the Central Tenders Committee to appoint a special committee to undertake a review of the matter. The special committee backed the original recommendations of the Ministry, and as a result the award went to Deutsche Babcock.

Many observers now feel that the decision seems to exonerate Mr. Al-Ghanim, and Mr. Abdul Aziz Hussein, the Minister of State, said he wished to clarify published reports which suggested that the Kuwaiti Government had condoned the attacks against the former minister. Mr. Hussein also denied newspaper reports that he had said that an official statement would be made on the resignation and that he had said the Minister was "tired."

"It is not the wish of the Prime Minister to encourage Press attacks that lead to the resignation of a Minister," he said.

EEC sends trade protest to U.S.

By Our Washington Correspondent

THE OFFICE of the U.S. Special Trade Representative has received a complaint from Mr. Wilhelm Haferkamp, EEC Commissioner for External Affairs, that U.S. legislation implementing the GATT agreement may not have a sufficiently stiff injury test accompanying the countervailing duties clause.

The dispute will be smoothed over, a spokesman for the office said. "We have great confidence that we will have a meeting of minds."

The trade office was consulting with Congress to ensure speedy passage of the legislation. "Now is the time for anyone who wants to intervene to become involved, since the legislation, once introduced, cannot be amended."

In a far-ranging discussion of U.S. economic and trade problems, Congressman Ullman, chairman of the House Ways and Means Committee, predicted that the Soviet Union and China would be voted most-favoured-nation tariff status this year.

He supported a value added tax, but only if income taxes were first lowered. He said.

The U.S. had become too dependent on income tax, and value added tax was the only tax that could be rebated on exports under GATT rules.

On the eve of the visit of Mr. Masayoshi Ohira, Japan's Prime Minister, to Washington for talks today, Mr. Ullman pronounced Japan "our number-one trade problem."

He did not recommend sanctions, but added: "We cannot tolerate these imbalances in the future."

Mexico's GATT dilemma

BY WILLIAM CHISLETT IN MEXICO CITY

A HEATED public debate is emerging over whether Mexico should join GATT with parts of the private sector and the left united in their opposition to membership—though for different reasons.

A delegation from the Mexican Commerce Ministry was in Geneva last week for another round of talks over the country's possible membership and is understood to have made substantial progress. The two main elements of the negotiations concern a protocol of accession and separate bilateral deals with other GATT members to offer them concessions in line with the most favoured nation treatment stipulated by GATT.

No major problems are foreseen in the accession negotiations, and it is expected in Geneva that Mexico would join GATT concurrently with the end of the Tokyo Round negotiations, if it can overcome opposition at home.

The negotiations in Geneva, which ended on Thursday, are expected to resume after the UNCTAD in Manila next month. The tariff-cutting negotiations in the Tokyo round are expected to be completed by the end of June, setting an informal deadline to the bilateral aspects of Mexico's accession negotiations.

Mexico is expected to make its decision by September. It has long put off the decision to join on the grounds that the country is not yet sufficiently developed to enable it to withstand wide sweeping liberalisation of its protectionist policies. Other developing countries are members but Mexico has always insisted that the disadvantages outweigh the advantages.

Many industrialists believe that GATT membership would put Mexican industry on a very unequal footing with industries in developed countries. The National College of Economists has stated that entry would lead to the closure of many small and medium-sized companies. Large companies could probably survive the initial period by cutting their profit margins

As one Opposition leader told the Financial Times, the left feels that joining GATT would be "opening the door to multinationals and bowing to U.S. pressure to join."

Both sides agree that membership will increase the already

The Government believes that GATT membership would provide the stimulus industry needs to make it more competitive and efficient. But the Opposition feels it would simply open the door to the multinationals.

drastically high level of unemployment which with under-employment is estimated at over 40 per cent. Both sides also agree that Mexico's main exports — oil, coffee and tomatoes—stand to gain nothing from GATT.

Between 1935 and 1965 the Mexican economy, bolstered by political stability, grew at an annual rate of 6 per cent. During the "Mexican Miracle" the domestic market was highly protected in order to encourage import substitution enterprises, industrialisation and private sector investment.

But now that the country is moving into a phase of rapid expansion due to the increasing flow of oil revenue into the economy, the Government believes that the time has come to pursue the subject of GATT membership more intensely, and to open Mexico's doors more widely to the world.

The base is now being laid for industrialisation. The level of infrastructure in Mexico is already higher than in some other developing GATT member countries.

The Government has already started to open up the market by withdrawing about 4,000 items from the import license list of 7,200 items. Even so the import tariff on these items remains high while the remaining 3,200 represent a large proportion of Mexico's main imports.

The Government has not committed itself over joining GATT, but it is understood that the president, Sr. Jose Lopez Portillo, is in favour because he believes that GATT membership represents the stimulus which the cossetted local industry needs to make it more competitive and efficient. Joining GATT is also part and parcel of the Government's determination that Mexico should not just be an oil exporting country.

The recently announced National Industrial Development Plan envisages using the oil wealth to greatly expand industry and reduce the economy's dependence on oil revenue to 14 per cent of total exchange earnings by 1990 from an estimated 32 per cent in 1982. Supporters believe that GATT membership would act as an impetus to fulfil this goal.

Sr. Hector Hernandez, the commerce under secretary has said that the President would decide on GATT membership "and no one else." He has also made it clear that in the event of joining Mexican protectionism would be dismantled very gradually.

However, such is the opposition to GATT that the Government is bound to take the country's pulse over the issue before announcing its decision.

The U.S. meanwhile has been keeping a deliberately low profile because it is aware that Mexico is extremely sensitive on the GATT issue.

The longstanding U.S. trade surplus with Mexico is fast decreasing in Mexico's favour, because of its oil exports and after 1980 the U.S. could well have a trade deficit with Mexico. GATT membership would soften this blow for the U.S.

Energy co-operation with France

By Terry Dodsworth in Paris

THE THREE-DAY Mexican trade mission to France has ended with the development of further links between the two countries in the energy field.

A statement issued in Paris said that the French oil industry and PEMEX, the nationalised Mexican oil concern, are to collaborate on a research project to develop materials which will allow a reduction in the lead content in petrol.

At the same time, the head of the French Atomic Energy Commission is to visit Mexico to investigate progress on the deal to supply the country with French nuclear technology.

The French are also taking seriously the recent suggestion by Mr. Lopez Portillo, the Mexican President, that rules for energy use and development should be developed on a world scale. France's need to import a large part of its energy requirements gives it a natural bias towards policies which would create stability in energy markets.

A joint committee to study the creation of new companies in Mexico was esablished. This is to examine initially four main areas of development—the electrification of the railway network, the manufacture of electric locomotives, the construction of a soda carbonate factory, and investments in the copper industry.

● Le Materiel Telephonique (LMT), a unit of Thomson-CSF, said it has been awarded a FFr 700m contract to supply various telecommunications equipment to Turkey. It involves the installation of 25,000 telephone circuits at Istanbul, and the creation of a joint unit with the Turkish Telecommunications Authority, to manufacture electronic switch gear with an annual capacity of 200,000 circuits over a period of 10 years.

£250m Brazil aircraft deals

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO BRAZILIAN airlines are planning purchases of U.S. and European airliners worth $500m (about £250m).

Varig, the country's flag airline, will buy six U.S. McDonnell Douglas DC-10 Series 30 jets, worth $322m, for use on its routes between Brazil and the U.S. and Europe. Delivery will be between July, 1980, and July, 1981.

The Varig-owned Cruzeiro do Sul, which flies international routes within South America, will buy four European A-300 Airbuses, worth about $178m, including spares and ground support equipment, with delivery planned between June, 1980, and June, 1982.

Although the airlines are privately owned, the contracts were authorised last week by the Brazilian Air Force Ministry, responsible also for civil aviation, as required under Brazilian law.

Meanwhile the U.S. airline, Flying Tiger Line, has decided to re-engine its existing aircraft, rather than move to expensive new equipment.

Flying Tiger, an all-cargo operator, is to spend $100m (about £50m) on putting the new Franco-American (Snecma-General Electric) CFM-56 engine into its seven McDonnell Douglas DC-8 jets.

The contract covers 45 engines and the modifications to the aircraft. The new engines will cut fuel consumption on the DC-8s by 20 per cent, as well as meet the U.S. Government's stringent new noise regulations.

The Flying Tiger decision follows the recent decision by United Air Lines of the U.S. to spend $400m (£200m) on putting the CFM-56 engine into 30 of its DC-8 airliners. Other airlines in the U.S. are considering the same move.

The work will be done by McDonnell Douglas, builder of the DC-8, under contract from Cammacorp, the U.S. company which has the re-engining contract from CFM International, which builds the CFM-56.

Japan's motor exports rise

TOKYO—Japan's exports of assembled vehicles in March rose 14.9 per cent to 392,186 from 341,293 in February but fell 11.7 per cent from 443,882 in March last year, the Japan Automobile Manufacturers Association reported. Exports of vehicles in kit form for assembly abroad in the same month were 34,452, up from 28,324

The March figure brought cumulative total exports in fiscal 1978 to 4,136,021, down 5.5 per cent from a record 4,377,768 in fiscal 1977.

Of the fiscal 1978 total, export shipments of assembled vehicles to the U.S., Japan's largest customer, fell 1.9 per cent to 1,834,357.

Reuter

World Economic Indicators

UNEMPLOYMENT

		April '79	March '79	Feb. '79	April 78
UK	000s	1,310.9	1,350.4	1,362.6	1,337.1
	%	5.5	5.7	5.7	5.8
Holland	000s	208.2	209.75	211.1	200.5
	%	5.0	5.1	5.2	5.0
		March '79	Feb. '79	Jan. '79	March '78
U.S.	000s	5,871.0	5,881.0	5,883.0	[illegible]
	%	5.7	5.7	5.8	[illegible]
W. Germany	000s	957.7	1,134.0	1,171.4	[illegible]
	%	4.2	5.0	5.1	5.4
France	000s	1,341.9	1,313.0	[illegible]	[illegible]
	%	5.8	5.7	5.9	4.9
Belgium	000s	301.0	303.1	[illegible]	284.1
	%	7.5	7.6	7.5	7.1
		Feb. '79	Jan. '79	Dec. '78	Feb. '78
Japan	000s	1,210.0	1,270.0	1,160.0	1,360.0
	%	2.2	2.7	2.2	2.1
		Jan. '79	Oct. '78	July '78	Jan. '78
Italy	000s	1,632.0	1,651.0	1,648.0	[illegible]
	%	8.1	7.5	7.5	8.0

SHIPPING REPORT

Gulf active in mixed market

By Lynton McLain

THE ACTIVE chartering market for tankers in the Gulf was countered last week by a decline in freight rates on trades from West Africa and the Mediterranean.

In the dry cargo sector there was a similar difference between the prosperous Atlantic trade and the slow movement of rates in the Far East.

Very large crude carriers operating out of the Gulf reached Worldscale 40 to 43 for discharge in the west. There was less demand, however, for ultra large crude carriers.

A Japanese charterer paid Worldscale 46½ for a 220,000-dwt vessel taking a cargo of crude oil to Japan on slow steaming.

But owners of tankers in the range 120,000 tonnes to 150,000 dwt have had to accept an easing of rates from Middle East terminals. A charterer from the Continent obtained a 150,000-ton vessel for loading in early May at the reduced figure of Worldscale 47½.

Brokers in London expected the tanker market in spot trading to remain quiet this week, as the May Day holiday approached.

E. A. Gibson Shipbrokers forecast last week that some sizes of oil tanker may come into balance with demand much earlier than had earlier been expected. The increasing age of some categories of vessels is likely to be one of the main factors determining a return to market stability.

On the sale and purchase markets last week there was further trading and activity in the VLCC class. The Kollbjorg, built in 1973 at 229,000 dwt, was sold to Phillips Petroleum for almost £7m.

COMPANY NOTICES

UK NEWS

Surplus of fasteners may close factories

BY ROY HODSON

PRODUCTION of too many industrial fasteners in Western Europe is expected to force a number of factories to close.

Mr. C. P. Richards, chairman of the British Industrial Fasteners Federation, warns in his annual report that the surplus of nuts, bolts, screws, washers, and rivets is now so great that structural changes in the European industry are inevitable.

He says the economic case for thousands of tonnes of identical fasteners originating in many different places in the EEC and then being transported around Europe is hard to justify apart from its benefit to the transport industry.

Mr. Richards believes that UK companies must expect market activity in fasteners to worsen in the forseeable future. He also sugests that some sectors of the industry may need to consider what action to take in view of the poor outlook.

Production of fasteners in Britain has been reduced during the past few months by the running-down of two GKN fastener works in the Midlands with a view to eventual closure.

GKN says cheap imports have forced it to close the two factories at Smethwick and Darlaston with a loss of about 250 jobs.

The Association of Stainless Fastener Distributors says that foreign products can be shipped into Britain at prices as much as 20 per cent below home producers' prices.

Once GKN withdraws from part of the UK market, only three smaller makers of stainless steel fasteners will be left.

Over-capacity in European fasteners production is linked with poor demand for fasteners from the manufacturing industry and general engineering.

The British Industrial Fasteners Federation has asked the Government to consider sufficient protection for the British industry to ensure it keeps between 85 per cent and 90 per cent of the home market.

The federation's eight-point action plan calls for controls on cheap fastener imports, and protection against European manufacturers who obtain steel materials at unfair prices.

A European Industrial Fasteners Institute formed recently is intended to speak in future for all European fastener trade organisations. It will be putting pressure on Common Market Ministers and officials in the coming months to save the industry from further deterioration.

Disabled seek more jobs

GOVERNMENT action on rising unemployment among disabled ex-Servicemen was demanded at the weekend by 200 delegates at the annual conference in *Birmingham* of the British *Limbless Ex-Servicemen's Association.*

The delegates were concerned at the failure of the Government, nationalised industries and local authorities to fulfil their obligations within the terms of the Disabled Persons (Employment) Act 1944. They also sought a levy on defaulting employers.

Mr. Charles Dunham, general secretary of the association, said: "The disabled should not be treated as second-class citizens."

Windscale leak report reveals four-month delay

BY JOHN LLOYD

A REPORT on a serious leak of radioactive material at the Windscale nuclear plant has shown that four months passed between the taking of a sample showing high radioactivity, in an unused part of the plant, and the proper analysis and assessment of the sample leading to an investigation.

Mr. Anthony Wedgwood Benn, the Energy Secretary, for whom the report was prepared, has called for a public inquiry. Speaking to Acton, West London, Labour Party on Saturday night, he said that the Windscale leaks must be a cause of "considerable concern."

However, the report, written by Sir John Hill, chairman of the Atomic Energy Authority, stressed that "there is no evidence to suggest any present or likely future hazard to the workforce or the public."

Mr. Benn had asked the Nuclear Installations Inspectorate whether Windscale should have been closed, but had been advised against doing so. He said that "if at any time the nuclear inspectorate advise me that it is necessary, I shall issue orders to the effect at once."

Sir John's report, presented to Mr. Benn on Saturday, traced the leak to a borehole—number 63 of some 200—which was used to monitor radioactivity. The higher levels of radioactivity which were recorded in November, 1978, were at first thought to be due to the retention of elements from a spillage which had occurred 25 years ago.

"When full laboratory analyses of the isotopic contents of the sample became available, it was recognised that the activity must have come from liquor arising from fuel which had been removed from a reactor within the last three years."

These results "were assessed by senior management on March 15 and an immediate investigation was started." It appears that the cause of the leak was a small amount of radioactive liquor diverting itself from its main route through a now unused distributor.

The report concludes that the contamination should be allowed to remain where it is, with provisions made to control its flow in the groundwater if necessary.

Job-change 'pensions penalty' warning

By Christine Moir

THE FUTURE of the occupational pension movement could depend on the solutions it finds to the problem of preserving the pensions of workers who move jobs before retirement age, Sir Alec Atkinson, the Second Permanent Secretary of the Department of Health and Social Security, has warned.

"A dangerous disillusionment could set in which people who have changed their jobs during their working life see how much lower their retirement pensions are than those of workers who stayed in one job all their lives," he told the annual conference of the National Association of Pension Funds in Edinburgh. The pension funds had to find a solution to the dual problems of preservation and transferability of pensions.

The introduction of the microprocessor would increase the level of mobility in industry, and it was unrealistic simply to suggest that workers take into account their reduced pension prospects when they negotiate a new job. As much as 50 per cent of all job moves might be involuntary, and the movers would be in no position to negotiate strong new pensions.

The topic of preserving pension values was returned to on several occasions during the conference. Mr. Michael Pilch, the incoming association chairman, agreed that it would be one of the major issues during his term of office.

'Nonsense'

More work was needed to ensure that job movers could be sure of transferring their pension rights from employer to employer, he said, but it was "dangerous nonsense" to believe that all that was needed was legislation on transferability.

Discussion of such legislation "distracts attention from the real nub of the problem which lies in maintaining the value of the preserved pension that has been earned to date." However, "improvements in benefits for people who leave schemes before retirement age have a price tag attached to them."

Pressure for improvements in this area should come from the workers, trade unions and employers. But all these groups were more concerned with current benefits and the problems of those who had left had only a low priority.

Mr. Robert McDonald, president of the Federation of Actuaries, also warned that transferability and preservation—or the lack of them—could become convenient government whipping boys.

UN plan 'threat to British fleet'

BY LYNTON McLAIN

TWO-THIRDS of the UK's bulk carrier fleet could be put out of business by United Nations proposals to boost the third world's shipping industry — according to a report in today's Lloyd's Shipping Economist Journal.

Britain's fleet of supertankers could also be hit—and cut to half its present size—the report says.

The report studies the likely effects of proposals to be put before the fifth session of the United Nations Conference on Trade and Development to be held in Manila in May.

The UNCTAD secretariat calls for "equitable participation" by the developing nations in the transport by sea of oil and other bulk cargoes. This would lead to a "massive upheaval" in the structure of the world's maritime industries, the journal says.

The report's findings are based on returns from Lloyd's Register of Shipping and Lloyd's of London and involved the tracking of all the ships of the five leading shipping nations last year.

The analysis assumes that the UN proposals will be similar to the secretariat's liner code which has already been proposed and was criticised by Britain as a means of sharing cargo on regular liner shipping routes. This calls for cargo sharing on the basis that 40 per cent of trade between two countries is carried by each of the participants and the balance by third countries.

Greece would lose 90 per cent of its tanker fleet if the proposals for cargo sharing are applied to total trading between nations.

France, with a much smaller merchant fleet, would lose 15 per cent of its tanker fleet, but its bulk carrier fleet would not be affected.

But the report also says that the developing nations may have problems in building up their bulk fleets to share in trading as suggested by the secretariat. Finance would be the biggest problem.

One group, however, the Organisation of Petroleum Exporting Countries, would have the necessary political, commercial and financial power to bring about change, the report says.

Consumers in the west would have to pay more for goods if the secretariat's proposals are accepted in full and implemented by all parties. Petrol would rise by 1p a gallon and grain, ore and coal would also rise.

Silver Jubilee Appeal projects receive £2.83m

A TOTAL OF £2.83m has been given from the Queen's Silver Jubilee Appeal to over 2,000 projects involving young people in voluntary community service in the year since the appeal closed.

With £13.63m left, the Queen's Silver Jubilee Trust is encouraging people under 25 to apply for a grant to "start or develop schemes which help others."

The projects which so far have received cash range from £3,725 given to a London group to establish a community radio service using a spare Rediffusion channel, to a *Lancashire scheme* to teach dog-grooming to young volunteers so they can provide a free service for pensioners' pets. The scheme received £200.

Interest rate up

INTEREST rates for Inland Revenue tax deposit certificates accepted under the terms of the prospectus of August 29, 1978, go up today from 11¾ per cent to 12¾ per cent.

Prestcold talks

CONSULTATIONS between the Department of Industry and the National Enterprise Board will take place this week over the draft directive from Mr. Eric Varley, Industry Secretary, instructing the NEB to take over Prestcold from its parent company, BL.

North Sea deficit

THE North Sea sector of the economy may continue to be in deficit for the foreseeable future, Mr. Christopher Johnson, economic adviser to Lloyds Bank, says in the bank's economic bulletin.

Belvoir coal plan criticised by consultant

By John Lloyd

GROUPS OPPOSING the National Coal Board's plans to develop a 7m tonnes a year mining complex in the Vale of *Belvoir, on the Leicestershire*-Nottinghamshire border, have claimed that a consultant's report will say that the NCB's methods are "highly suspect."

The groups—the Vale of Belvoir Protection group and the Vale of Belvoir Parish Councils Committee—have retained consultants to help elaborate a case *against the NCB*. The preliminary inquiry starts on May 8.

"Our consultants have identified 18 primary and 30 secondary issues which we believe the inquiry will have to examine very thoroughly," the groups said yesterday.

Working capital rule for insurance brokers

BY ERIC SHORT

INSURANCE BROKERS will need to have a permanent margin of at least £1,000 in their working capital to retain official recognition and the *right* to trade under the title of insurance broker. This is one of the main provisions for the accounts and business requirements for registered brokers contained in an Order* published at the weekend.

Under the Insurance Brokers (Registration) Act 1977, anyone wishing to trade as an insur*ance broker and use the title* has to register. Registration will be granted only if certain requirements regarding experience, integrity and financial solvency are fulfilled.

This latest order sets out the requirements as to working capital, the excess of assets over liabilities and the preparation and submission of accounts and the keeping of accounting records.

Brokers will also have to keep a special insurance broking account, colloquially known as a client account, with an approved bank and with investment held only in approved short-term assets. Effectively this account *is* for the holding of money paid by a client to meet insurance premiums and the intention is to keep it separate from other money used in the broker's business.

The approved banks cover the clearing banks, Trustee Savings Bank and National Girobank, while the approved assets cover secure liquid forms of investment.

This account has to be in funds at all times. No advance can be given on it, except under special circumstances.

The order also sets out the form of the preparation of the accounts to be submitted.

* *The Insurance Brokers Registration Concil (Accounts and Business Requirements) Rules Approval Order 1979 (SI 1979/408).*

J. C. Bamford plans U.S. plant move

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

J. C. BAMFORD is planning to assemble excavators in the U.S. following its entry into that market three years ago.

Although a site has not yet been selected, the southern states are emerging as the most attractive location, and the company hopes it will be assembling within two or three years.

The decision to consolidate its U.S. commitment means JCB is not any longer interested in Aveling Barford, the construction equipment group which BL has put up for sale.

JCB has faced considerable difficulties in penetrating the American market. In its first year—1976—it sold only 50 machines. Since then, the company has built up a distributor network in roughly half the country and last year they took 1,000 machines.

The U.S. is by far the biggest market for construction equipment. JCB decided, therefore, that it was essential to break ino this marke at some stage, and this is something that its firm home base has enabled it to do. The privately-owned company has not revealed how much it has lost in setting up in the U.S., but Mr. Anthony Bamford, chairman, says that the venture is now profitable.

It has now appointed 63 U.S. dealers and has service and parts operations in Baltimore and Dallas.

OBITUARY

Derek Redwood

MR. DEREK REDWOOD, chief Press officer at the British Steel Corporation from 1974 to 1978, died at the weekend after a short illness. He was 45.

After a period in news agency and magazine journalism, Mr. Redwood joined the Press office of the Gas Council in 1960, later becoming its deputy chief Press officer. He moved from there in 1968 to British Steel, initially as deputy chief Press officer.

He leaves a widow and two children.

One man's feud with the State

NEWS ANALYSIS—THE NEB'S HIGH COURT ELECTRONICS BATTLE

BY JOHN ELLIOTT AND MAX WILKINSCN

BEHIND the High Court battle over the National Enterprise Board's £8m computer peripherals deal with the Control Data Corporation (CDC) of the U.S., lies a long-running feud, involving a 65-year-old individualistic entrepreneur who dislikes the idea of State intervention in industry.

He is Mr. Stanley Grundy, who nearly 40 years ago founded what is now a family-owned Teddington-based group of a dozen engineering companies with over 2,000 employees and a £35m a year turnover.

One of the companies he started is Data Recording Instrument (DRI) which became a National Enterprise Board subsidiary in 1976 and is now to be the UK partner in the £8m computer peripherals deal. Grundy (Teddington) still holds 13 per cent of the equity and is taking High Court action to try to stop the deal going ahead. As a resul, the exchange of contracts between DRI and CDC has been delayed, pending a resumed hearing today.

Arguments

The arguments in court turn essentially on the rights of Grundy as a minority shareholder. But the case is important for other reasons, both because it has blown up during the general election campaign, and because of the future of independent computer equipment companies of Europe.

A Conservative victory at Thursday's general election could cast some doubt over the future of the deal, although it is now at an advanced stage of finalisation. Clearly a Conservative Industry Secretary would come under some pressure to intervene in a row where the businessman who founded a company is now objecting to the way it is being run by a State holding company which the Conservatives are pledged to run down.

Since Mr. Grundy makes no secret of his fervent political views and is president of the Twickenham Conservative Association, there can be little doubt that today's court hearing is unlikely to end the row.

Politics apart, the proposed deal is significant because of the double challenge of U.S. corporate strength and spectacular advances in technology being faced by European computer equipment companies.

DRI is the largest independent manufacturer of disc memory units in Europe. Its sales have been increasing steadily and its products have a high reputation for quality and performance.

In 1976-77 it made a profit of £315,000 but ran into a £385,000 loss in 1977-78. If it continued in its present form it could probably increase sales and establish a profit in the current year.

So why does the NEB think it necessary to spend a further £8m setting up a joint venture in which CDC's contribution will be mainly know-how rather than capital?

One answer is simply to look at the size of the two companies. Last year, DRI's sales were about £23m, of which probably about £17m represented disc drives.

By contrast, Control Data's computer revenues in 1977 are estimated to have been $1.5bn (£750m) or more than 30 times the total revenue of DRI.

CDC's sales of peripheral equipment probably amounted to about $500m, so that even in the sector of the industry in which DRI specialises, CDC is 10 times larger.

This difference in size would not matter so much in a more stable technological environment. But in the computer industry, and particularly in magnetic storage devices, all companies have to run very fast just to keep in the same place.

About seven years ago, for example, a large 14-inch magnetic disc was capable of storing about 6m computer words (bytes) of information. Today it is possible to buy discs the same size which will store 50m bytes, and storage of 100m bytes per disc is technically possible.

Companies like DRI can hope to survive only if their research and development can move extremely fast to enable them to keep up with developments in their own technology and at the same time fight off the threat from entirely new products.

DRI's competitors in the US include seven major companies with revenues of more than $1bn, of which IBM is far the largest and CDC is the second in disc drive production.

A large number of high technology smaller companies follow along in the slip-stream of the industry leaders, and a highly competitive micro-electronics industry waits in the background.

It is clear, therefore, that DRI does not have the resources of money or engineering manpower to keep its products competitive. It also needs to increase its volume of production to very much more than the present 7,000 to 8,000 units a year if it is to keep its prices low enough to match the Americans.

CDC will provide the extra production volume by transferring some of its own products to the joint venture company which will manufacture equipment for CDC to sell under its own name in Europe. It will also contribute the expertise to allow DRI to develop a successor to its present leading disc drive, the Series 4000, which it manufactures under licence from Diabolo of the U.S.

From the Grundy point of view, however, the tie up with CDC means that a British company, which could make its way in the world on its own, is being traded with the Americans in such a way that its future may be jeopardised.

But it is the more personal views of Mr. Stanley Grundy and the history of the NEB involvement in DRI that complicates the issue. Mr. Grundy has never been happy since DRI was taken over by the NEB, even though he realised at the time that it was the best solution for the company's liquidity problems.

At that time, he was not willing or able to pump cash into DRI from his main holding company, Grundy (Teddington), which has no outside shareholders. (All investment is funded from the Grundy group's profits although there is one other joint venture with the public sector—a stainless steel car exhaust factory set up in Ebbw Vale jointly with the British Steel Corporation.)

Mr. Grundy's first contact with the NEB followed an application be made in 1973 to the then Conservative-run Department of Trade and Industry for a £2m loan. He needed this money to boost financial help he was already receiving from the National Research Development Corporation.

The company's liquidity problems were worsened by the three-day week in the winter of 1973-74, and it needed help urgently. Talks continued while Labour won the February, 1974, election and set up the NEB. Then Industry Department civil servants sent Mr. Grundy to their new-born State holding company and DRI became the NEB's first acquisition.

Boardroom skirmishes, most recently about the NEB's representation on the DRI Board, have continued for the past three years and have crystalised over the CDC link-up. They have involved the National Research Development Corporation, which has one seat on the Board, and which has itself had considerable reservations about the details of the CDC deal. But it eventually has agreed to back the tie-up on the condition that, once the deal is finalised, its 24 per cent stake in DRI is bought by the NEB.

Offered

The NEB also offered 15 months ago to buy out the 13 per cent Grundy stake but Mr. Grundy apparently preferred to remain involved, partly in the hope that the value of his shareholding might improve. Now he sees the prospect of it being diluted by the CDC deal and is highly critical of the NEB for the way it has monitored DRI's affairs and for the management it has injected.

By coincidence, therefore, the row over the CDC deal has brought the tortured relationship between the NEB and a self-made, paternalising entrepreneur into the open during the general election campaign.

On the one hand there is the NEB trying to do its job of helping an important high technology company with 1,200 employees survive and grow into the 1980s. On the other there is Mr. Grundy who believes in private, not State, enterprise and who dislikes the way that Britain's State holding company is handling the affairs of one of his old companies.

UK NEWS

LATEST INFLATION ACCOUNTING STANDARDS

Draft calls for mandatory guidelines

THE LATEST guidelines for inflation accounting, issued today by the Accounting Standards Committee in Exposure Draft 24, originate from the "Hyde" guidelines published 18 months ago.

The draft proposes that, with the certain exceptions such as insurance and property investment companies, the standard should be mandatory for all listed companies and for other entities with an annual turnover of £5m or more.

By contrast, present Hyde guidelines are voluntary. In line with Hyde, however, the new draft states that annual company accounts should retain historical cost information, and the current cost accounts should be a supplement.

The main technical differences between ED24 and Hyde is that ED24 introduces a "monetary working capital adjustment" which charges the current cost profit and loss account with the cost of maintaining working capital in current cost terms instead of just maintaining stocks.

ED24 also calls for a current cost balance sheet and for current cost earnings per share to be shown by listed companies.

THE TEXT of the proposed standard accounting practice is rather brief in comparison to previous documents. It states:

This accounting standard applies to the annual financial statements of the following entities:

A—All companies (other than those in *paragraph B (iii)* below) having a listing on The Stock Exchange for any class of share or loan capital.

B—All *other entities* where the annual financial statements are intended to give a *true and fair view* of the financial position and profit or loss except for the following:

(i) Entities (or a group of entities) with a turnover of less than £5,000,000 per annum.

(ii) Wholly-owned subsidiaries of companies registered in the UK or Republic of Ireland. This exemption does not apply where the parent company is exempted under (iii) below. Where this is *the case the group accounts* of the holding company should include current cost information in respect of *such* subsidiaries (not themselves exempted under (iii)) if their combined turnover exceeds £5,000,000 per annum.

(iii) The following types of entity:

(a) Insurers;

(b) Property investment and dealing with the exception of such companies which hold the properties of another entity within the group to which this standard does apply; and

(c) Investment and unit trusts.

(iv) Entities whose long term financial objective is other than to achieve an operating profit; examples of such entities are charities, building societies, friendly societies, trade unions and pension funds.

Calculating

Annual financial statements of companies coming within the scope of the standard should include, in addition to historical cost accounts, current cost accounts prepared in accordance with the procedure set out in paragraphs 33-40. The current cost accounts should contain a profit and loss account and balance sheet, together with explanatory notes, disclosing the information set out in paragraphs 41-45.

When calculating the current cost operating profit and the current cost profit attributable to shareholders, the following procedures *should be adopted.*

The current cost operating profit *should be derived* by making the following main adjustments to historical cost trading profit (before interest) to provide for the impact of price changes on the net operating assets* of the business.

(a) A depreciation adjustment to allow for the difference between the value to the business* of the fixed assets consumed in the period and the depreciation charged in the historical cost accounts.

(b) A cost of sales adjustment, to allow for the difference between the value to the business* of the stock consumed in the period and the cost of stock charged in the historical cost accounts.

(c) A monetary working capital adjustment, to allow for the effect of price changes on the monetary working capital* needed to support the operating capability.

Each of these adjustments may be *positive or negative.*

Where a proportion of the assets of the business is financed by net borrowing, a gearing adjustment is required in arriving at the current cost profit attributable to shareholders. This should be calculated by:

(a) Determining the proportion of the net operating assets which has been financed by net borrowing; and

(b) Multiplying the total of the charges or credits made to allow for the impact of price changes on the net operating assets of the *business* by the proportion determined at (a).

Principles

The treatment within the *current cost profit and loss account* of gains and losses on asset disposals, extraordinary and exceptional items, prior year items, income from associates, group consolidation adjustments and the translation of foreign currencies, should where practicable, be consistent with the principles of CCA as explained in Part 1—Explanatory Note. Where this is impracticable the treatment adopted should be disclosed in a note to the current cost accounts.

The taxation charge in the current cost accounts should be based on the principles set out in SSAP15 Accounting for Deferred Taxation.

Assets and liabilities should be included in the balance sheet, as far as practicable, on the following bases:

(a) Land and buildings, plant and machinery and stocks subject to a cost of sales adjustment—at their value *to* the business.

(b) Investments in associated companies—either at the applicable proportion of the associated company's net assets stated under this standard and allowing for goodwill paid on acquisition computed in accordance with CCA principles or, where such information is not readily available, at directors' best estimate thereof.

(c) Other investments (excluding those treated as current assets)—at directors' valuation. Where the investment is listed and the directors' valuation is materially different from mid-market value, the basis of valuation and the reasons for the difference should be stated.

(d) Intangible assets (excluding goodwill arising on consolidation)—either at their current replacement cost or, if this is impracticable, on the basis adopted in the historical cost accounts.

(e) Goodwill arising on consolidation—this should be reduced from the amount shown in the *historical* cost accounts to the extent that it represents *revaluation* surpluses existing at the date of acquisition.

(f) Current assets, other than those subject to a cost of sales adjustment—at the amounts shown in the historical cost accounts.

(g) All liabilities—at the amounts shown in the historical cost accounts.

A reserve, called the capital maintenance reserve, should be included in the current cost balance sheet to reflect:

(a) Revaluation surpluses (or deficits) arising from: (i) Price changes in respect of fixed assets; and (ii) Price changes in respect of stock, and investments other than those included as current assets; to the extent that they are not already included in the historical cost *accounts.*

(b) The monetary working *capital* adjustment; and

(c) The gearing adjustment.

Amounts to reduce assets from current replacement cost to recoverable amount should be charged to the profit and loss account.

A debit balance on the capital maintenance reserve should be shown as a deduction from the total of capital and reserves and not charged to the profit and loss account.

The current cost profit and loss account should show:

(a) The current cost operating profit or loss;

(b) The gearing adjustment and interest/income relating to the net borrowing on which the adjustment has been based;

(c) Share of current cost profits or losses of associated companies;

(d) Current cost profit or loss *before* taxation and extraordinary items;

(e) Taxation;

(f) Current cost profit or loss before *extraordinary* items;

(g) Extraordinary items; and

(h) Current cost profit or loss (after tax) attributable to shareholders.

Reconciliation

A reconciliation should be provided between the current cost operating profit and the profit or *loss* before charging interest and taxation as shown in the *historical* cost accounts giving the respective amounts of the following:

(a) Additional depreciation adjustment;

(b) Cost of sales adjustment;

(c) Monetary working capital adjustment and interest relating to monetary working capital, where appropriate; and

(d) Other material adjustments made to the historical cost accounts when determining *current cost operating profit.*

The adjustments for cost of sales and *monetary working* capital may be combined if, owing to the method of calculation, they cannot be separately identified.

The current cost balance sheet (which may be in summarised form) should show the group's assets and liabilities on the bases required by this standard. It should be supported by *summaries* of the fixed asset accounts and the capital maintenance reserve.

Valuation

The notes attached to the current cost accounts should indicate the bases and methods *adopted in arriving at:*

(a) The valuation of fixed assets and the depreciation thereof;

(b) The valuation of stock and work in progress and the cost of Sales adjustment;

(c) The monetary working capital adjustment;

(d) The gearing adjustment;

(e) The basis of translating foreign currencies and dealing with gains or losses arising; and

(f) Other material adjustments to the historical cost accounts.

Listed companies should show the current cost earnings per share for the current and corresponding period. It should be based on the current cost profit attributable to equity shareholders before extraordinary items. In other respects the calculation should be consistent with that used in the historical cost accounts.

A company which is a holding company of a group and which is required to produce group accounts, should produce *current cost group accounts* in accordance with the principles *set out in this standard* but need not produce current cost accounts for itself as a single company.

Included

In all accounts prepared in accordance with this standard, *corresponding amounts for the* preceding period should be stated. They should normally be included at the same figure as shown in the previous period's accounts.

For the first year for which current cost accounts are prepared, corresponding amounts need only be included if they are readily available.

Existing *standards* issued for use with historical cost accounts *apply to current cost accounts* except where a conflict exists caused by the conceptual difference between the systems.

The accounting practices set out in this standard should be adopted as soon as possible and regarded as standard for annual financial statements relating to accounting periods starting on or after January 1, 1980.

Views wanted on £5m limit

THE Accounting Standards Committee believes there is an urgent need for an accounting standard. It proposes that the standard should be effective for accounting periods beginning on or after January 1, 1980, although this date would be kept under review in the light of the comments received.

Interested parties are urged to submit their comments as soon as possible—at the latest by October 31. In particular, views will be welcomed on the monetary working capital requirement, the turnover limit of £5m and the problems of particular industries.

The exposure draft says that while the proposed standard applies only to annual financial statements, it is hoped that current cost information will eventually be included in other statements such as interim accounts, preliminary results and prospectuses.

It continues: "In spite of years of study and debate the problem of price level accounting has not reached an agreed solution in any part of the world (except perhaps in one or two areas of hyper-inflation where the differences between various systems of accounting pale into insignificance).

"There is no perfect solution to the problem and many alternatives have attractive features. The aim has been to provide a practical and workable standard which will represent a real move forward in the evolution of the subject."

While the exposure draft is brief and confined to a statement of the principles of the current cost accounting system and disclosure requirements, separate guidance notes are also included. These suggest practical methods intended to help companies implement the standard.

The *guidance notes* are not mandatory, as the Accounting Standards Committee holds the view that flexibility is necessary at this stage. Therefore, the notes do not form part of the standard.

The draft proposes that the standard should apply to all listed companies and other entities with a turnover of £5m or more (subject to some exceptions).

The £5m threshold coincides with the threshold defining larger companies in the EEC Fourth Directive on company law.

Exposure Draft 24, Current Cost Accounting, by the Accounting Standards Committee, PO Box 433, Chartered Accountants' Hall, Moorgate Place, London, EC2P 2BJ.

EXAMPLE OF PRESENTATION OF CURRENT COST ACCOUNTS

Y Limited and Subsidiaries
Group Current Cost Profit and Loss Account
for the year ended December 31st, 1980.

1979 £'000		£'000
18,000	*Turnover*	20,000
2,420	Profit before interest and taxation as in the *historical* cost accounts	2,900
[illegible]	Less Current cost adjustments (Note 2)	1,510
1,100	CURRENT COST OPERATING PROFIT	1,390
340	*Gearing* adjustment	370
180	Interest	200
160		170
1,260	Current cost profit before taxation	1,560
610	Taxation	730
650	CURRENT COST PROFIT ATTRIBUTABLE TO SHAREHOLDERS	830
400	Dividends	430
250	Retained current cost profit for the year	400
21.7p	Current cost earnings per share	27.7p

Y Limited and Subsidiaries
Summarised Group Current Cost Balance Sheet
as at December 31st, 1980.

1979 £'000	1979 £'000		£'000	£'000
		Assets Employed:		
	7,130	Fixed assets (Note 3)		8,530
		Net current assets:		
3,200		Stock and work in *progress*	4,000	
700		Trade debtors less *trade creditors*	800	
(1,000)		Other current liabilities (including taxation)	(1,000)	
	2,900			3,800
	10,030			12,330
		Financed by:		
		Capital and reserves		
3,000		Issued share capital	3,000	
1,180		Capital maintenance reserve (Note 4)	3,030	
3,900		Retained profit	4,300	
	8,080			10,330
	1,950	Loan capital		2,000
	10,030			12,330

Where applicable other relevant items not shown in the above balance sheet should be presented in a manner consistent with the historical cost accounts.

UK—ELECTION NEWS

Labour-unions link restored, Healey says

BY PHILIP BASSETT, LABOUR STAFF

LABOUR'S RELATIONSHIP with the trade unions suffered a serious setback in the winter's industrial trouble, Mr. Denis Healey, Chancellor of the Exchequer, said yesterday.

He emphasised, though, that the concordat between the Government and the TUC had restored that relationship, the foundation of the Government's success in the past five years in reducing inflation and unemployment.

Mr. Healey, speaking to the annual conference of the moderate Union of Shop, Distributive and Allied Workers at Eastbourne, acknowledged the criticism of some of the winter's action, which focused on the "secondary" picketing in the lorry drivers' strike, by saying: "A tiny minority of people behaved in a way which was a disgrace to the trade union movement."

"We had a damaging setback last winter—damaging for the British people and damaging above all for the Labour movement. Too many negotiators fell for the seductive arguments which Mrs. Thatcher was using to attack common sense in pay negotiations.

"The sort of free-for-all which seemed to be developing in January and February which she had called for is just another word for free collective suicide. It must never happen again."

Mr. Healey, whose speech was greeted with a standing ovation and a verse of the Red Flag from the 2,000 delegates, said that although the Government could not tell the unions precisely how to negotiate their wage claims, its responsibility to the British people meant that it could and must tell them what sort of increases were needed to bring inflation down to a jointly agreed target.

The electorate, in deciding which way a government should deal with industrial relations, had a choice of relying on the force of law under the Conservatives or the force of argument with Labour.

Mrs. Thatcher took pride in her attitude of "extreme and unremitting hostility" to what she called "the destroyers in the trade unions." She openly rejected consensus in industrial relations and gloried in confrontation.

If the Tories won, Mr. Healey said, the British people faced a repeat of their disastrous experience under the last Conservative Government when Mr. Edward Heath tried to improve industrial relations by bureaucratic legal constraints.

Mr. Heath was leading the Conservative campaign for repeating that. "The Bourbon of Bexley has learnt nothing and forgotten nothing."

It would be even worse next time, Mr. Healey said, as Mrs. Thatcher's plans to reduce strikers' social security payments were something even Mr. Heath had refused to contemplate.

Mr. Healey said that opinion poll reports of the narrowing Tory lead which had been "melting away like a snowball in the sun" was due to growing scepticism, doubt and suspicion about the honesty of Conservative election promises, particularly their proposed tax cuts; and to a "deep uneasiness" inside the Conservative Party itself about the experience and the capacity of its leaders.

Voters who want explanations for lost jobs

BY IAN HARGREAVES

OUTSIDE STEEL gates, beside a tent, a shack and a brazier stands a solitary picket. Until a month ago he was a foreman engineer at the Dunlop Speke, tyre plant, where he had 37 years of service, 25 of which are commemorated by the gold watch on his wrist.

"My feelings? Bitter and more militant than I've ever felt in my life." Will those feelings affect his vote on Thursday?

A long pause. "I suppose, at the end of the day, it'll be Labour again."

The answer is important. Leaving national swings aside, the effect of the Dunlop closure upon the 1,200 or so men from

the plant thought to live in Liverpool's Garston constituency and the impact on their families and neighbours, will probably determine who wins the election.

Employment, all four candidates agree, is the main issue in the campaign. More than 30 per cent of Speke's workforce is idle. More than 6,000 jobs have gone from the constituency, most of them from Speke, in Speke Comprehensive discharges its annual band of teenagers into the employment market this summer, probably only two-thirds of them will find work. Of those, half will depend upon one Government scheme or another for avoiding the dole queue.

Beside the brazier, the picket's only companions are four jobless 15-year-olds. They are playing hangman.

Eddie Loyden, aged 55, the former port shop steward, Tribune group member and Labour MP for Garston after the February, 1974, election, knows he has a tough task in the last few days before polling.

"If we can get round and explain things, we'll be all right. It sometimes means going twice or even three times to the same house," he says.

Loyden's "explanation" is that big business has let the workers down. While Dunlop was investing in Eastern Europe and the Far East and lobbying the Government for cash to develop its other UK facilities, the machinery at Speke was grinding into obsolescence.

Planning agreements and more public ownership must be the tools of industrial regeneration, he argues.

His canvass returns in Labour territory at the end of last week were still showing 5 to 8 per cent "don't knows," almost all of them women. A week earlier, the figure was 15 per cent. He believes he's getting through and says there's no sign of a shift to other parties. It he doesn't get through, he won't survive. His 3,300 majority would fall to a 2.85 per cent swing.

Garston is socially and politically bisected. Half ranges from substantial post-war semis to residences invisible beyond the sloping gravel drives and spruces. The other half is old terrace blocks of flaking brick and corporation estates.

Much of Speke estate is well kept, but one in four shops is boarded up. At Netherley estate, on the fringe of the constituency, a demolished box van with plywood windows serves as a grocery store.

Its customers' homes are bleak, broken and daubed with the vocabulary of frustration. Of Garston's six city council wards, three are Labour, three Conservative.

Loyden is working almost exclusively in his own territory, in the belief that the Tory areas are impervious to his uncompromisingly socialist message.

Malcolm Thornton, Conservative, aged 40, a River Mersey pilot, and Wilf Davison, also 40, a Manchester Liberal hurriedly drafted in before nominations closed, are sure that the Labour base is cracking.

Davison says he has Dunlop workers, not previously known Liberals, helping to run his campaign. Thornton says he is not getting many Conservative promises on the estates, but is often being told: "Sod the lot of you."

Terry Kirk

Mr. Malcolm Thornton, Conservative candidate, at Garston's freightliner terminal.

The Liberal vote is, as usual in Liverpool, of special interest. Only two miles separate Garston from Edge Hill and Davison believes that he will rise on the backwash of David Alton's recent by-election landslide.

However, Garston is not on the Liberals' priority shopping list. Trevor Jones, the city's campaign director, is more interested in building on the reputations of Liberal councillors by retaining Edge Hill and pushing for victory against huge odds and former Labour and Tory incumbents in Kirkdale and Wavertree. So Davison is fighting without help from beyond the Garston boundary.

The absence of maximum Liberal effort has led Labour men publicly to accuse the Liberals of a secret deal with the Tories (with whose minority compliance they run the City council) to let the Conservatives take Garston in return for an easy ride in Edge Hill. "Nonsense," say the Liberals.

Thornton believes he is home and dry with no need for pacts. A former leader of Wirral Council on the posh side of the Mersey, he has been nursing Garston for three years.

He rejects labels but his politics have a right-of-centre feel. He favours hanging, is unenthusiastic about overseas aid and regards the manifesto's proposals on trade union control as "just the beginning," although he is himself a trade unionist.

On the other hand, he is cautious about public expenditure, because of the area's housing and industrial subsidy needs, and he believes in a minimum wage.

He tours the constituency in a blue Austin Maxi, followed usually by his wife, a slender, rather 1930s figure, in her blue Mini. Before arriving at functions, she parks and they step together away from the Maxi, usually holding hands.

They look perfect among the nests of tables and candelabra of a Conservative coffee morning; but the well built, straight-talking Thornton is far from out of place at the factory gate. His approach shows superb attention to detail, the literature is meticulous and the machine humming.

The odds must be against Mr. Loyden. He only won the seat in 1974 because of the then recent incorporation into the constituency of the Netherley estate and as the fabric of that monument to ill-conceived planning crumbles, so too might his chances.

Added irritations for the former MP are the intervention of the Workers' Revolutionary Party and the utter unpredictability of the Liberal performance. Between February and October, 1974, the Liberal vote dropped by 4,000 and Labour's increased by 2,500, so naturally Loyden would have preferred a straight fight.

In a part of Britain where the Labour Government's policies have manifestly failed to stop the rot, Loyden is counting on fears of Thatcherism and on the political distance between himself and the Callaghan administration to spark the credibility gap about Labour's doing better next time.

1979 candidates: E. Loyden (Lab): M. Thornton (C): W. Davison (L): T. Kelly (WRP).

October 1974 election: E. Loyden (Lab) 27,857; D. Stanley (C) 24,557; G. Black (L) 5,865. Majority 3,300.

TOMORROW: Bosworth; North Devon, North Cornwall.

Ulster campaign workers 'arrested'

BY STEWART DALBY

POLICE in Northern Ireland have arrested at least 25 people in Belfast in the past few days in what looks like a round-up of known Provisional IRA members and sympathisers before the general election.

Some observers fear that the sweep might presage a campaign by senior police and military officers to have internment, if selective, returned to the province.

The Royal Ulster Constabulary in Belfast refused yesterday to divulge how many people had been arrested. A statement said: "No one is ever arrested for political reasons. A number of people have been taken in but this is for questioning in connection with other matters."

Comments from the Provisional Sinn Fein, the political wing of the Provisional IRA and other republican groups suggest that people with former known links with the movement or sympathies towards it have been taken into custody.

Mr. Frank Maguire, Independent Republican MP for Fermanagh-South Tyrone in the last Parliament, a former internee who is known to have many friends in the IRA movement, has said publicly that five of his campaign workers are among those arrested.

He asserted that Mr. Roy Mason, Northern Ireland Secretary, was trying to wreck his chances of being returned for Fermanagh-South Tyrone.

Observers feel that with suspects able to be held for seven days without trial, the police waited until the election was imminent to get suspected Provisionals out of harm's way.

Belief is growing among Republican groups that the police and senior Army officers are startin a campaign for the reintroduction of internment, abolished in December 1975. The police are worried about the growing sophistication of the Republican groups in bombings, murders and general dislocation they have achieved.

The latest edition of the Falls Weekly Report, a leading Republican publication, reported: "The British military are known to be worried by the success of the new techniques being used by the Provisionals and are thinking of ways to counter them. Things have been going so badly for them on all fronts that they have seriously considered the reintroduction of internment as an option."

In Republican News, a leader page article said: "Senior British Army officers in the North are demanding the reintroduction of internment against Republicans as a means of combatting the general increase in resistance."

Meanwhile, Mr. Maguire's efforts to be returned in Fermanagh-South Tyrone are turning into the one real cliffhanger of the election in Northern Ireland.

Fermanagh has a small, natural Catholic majority and Mr. Maguire squeaked in by just over 2,000 votes in the last 1974 election. This time, however, Mr. Austin Currie, of the Social Democratic and Labour Party, plans to stand as an independent, possibly splitting Mr. Maguire's vote and letting in a Unionist.

PM points to Tory flaw

BY IVOR OWEN

IN A message to all Labour candidates today, the Prime Minister repeats that Mrs. Margaret Thatcher's pledges to cut taxation lack credibility.

The flaw at the heart of the Conservative case, he asserts, has been exposed by the question, "What is the point in getting an extra £1 a week in income tax cuts if your shopping bill goes up by £2?"

Mr. Callaghan insists: "The truth is that the Conservatives have promised more than they can deliver."

Their promises would put up prices so much that almost everyone earning less than £10,000 a year would be worse off, and the growing realisation of that explained why the Conservatives were beginning to panic.

Labour, he contended, really has a better way to curb inflation and price rises.

The party's landslide victory in 1945 was recalled by Sir Harold Wilson in a highly optimistic assessment.

In touring all parts of the country he had found enthusiasm and unity and the election seemed to have come suddenly alive.

Powell backs EEC foes

BY IVOR OWEN

VOTERS CAN best serve the national interest by supporting candidates known to be "publicly pledged and dedicated" opponents of the European Economic Community, Mr. Enoch Powell declared at the weekend.

He made clear, however, that where that test can be satisfied only by Communist Party, National Front or other candidates whose opposition to the EEC is associated with unacceptable policies elsewhere, a vote withheld would be a vote well used.

Mr. Powell emphasised that the Ulster Unionist Party, under who banner he is seeking re-election for Down South, resolutely opposes the EEC, the acknowledged that there are some dedicated anti-Marketeers in the Conservative ranks.

● Mr. Michael Heseltine, Tory environment spokesman, denounced Mr. Powell's speech as "the height of irresponsibility."

He said: "Democracy will not survive if people do not vote. The vast majority of Conservative, Labour and Liberal candidates believe Britain should remain in Europe."

The real issue was Socialism or a free society, nationalisation or free enterprise, choice or state control. "If Mr. Powell can stand aside on those issues it is he who is betraying his own life's work."

Thatcher plea to workers

BY ELINOR GOODMAN, LOBBY STAFF

MRS. THATCHER used an almost evangelical rally of Conservative trade unionists yesterday to make a general appeal to rank-and-file trade union voters and to repeat her attack on Labour's claims of exclusive rights to represent the best interest of the working classes.

She ended her speech with an impassioned defence of free enterprise and the freedoms it enshrined.

She was careful at no time to knock the ordinary union member. Her vitriol was reserved mainly for the "tiny handful" of militants in society and those union leaders who, she said, put the pursuit of socialism before those of their members.

Union leaders would, she insisted, work with the next democratically elected Government as in the past. "Of that I am confident," she declared.

Her speech, which was given an almost rapturous response by the 2,000 or so Conservative unionists at Wembley conference centre, was notable for its omission of any reference to "wreckers" or, indeed, to the Conservatives' plans for curbing trade union power.

Instead, she left it to Mr. James Prior, Shadow Employment Secretary, to detail the party's policies. He, as always, emphasised the role of consultation in the Conservatives' plans.

Change, he said, was essential, but it had to be gradual. The party would look not only to Conservative trade unionists for advice but to the whole union movement.

Mr. Prior, who has had to fend off pressures for tougher proposals on trade union reform from within his party, indicated that, in his view, the most important change the Conservatives proposed making was in funding secret ballots.

He repeated the party's commitment to changing the law on secondary picketing and on the closed shop.

Mrs. Thatcher said that the Tories had a dtuy to "support and encourage, in every way we can, the great majority of law-abiding people." The militants who, she said, did such damage to the economy, had to be stopped.

Mrs. Thatcher ended with a partly unscripted plea for the free enterprise system, without which, she said, there could be no freedom. The emotion in her voice as she referred to Britain's national genius and the fundamental need to preserve society's basic freedoms was a fitting end to a rally that at times took on the atmosphere of an American presidential convention.

Long before Mrs. Thatcher appeared, the audience had been warmed up by a small but glittering contingent of Conservative Equity members, who ran on to the stage like winners of a talent contest.

Those who could not be there because they were working, such as Les Dawson, sent jokes in their place, and the audience was so carried away by the general atmosphere of Labour-bashing that they hissed at every mention of the name of a Tribune group member.

The climax was Vince Hill, assisted by Lulu, leading the delegates in: "Hello Maggie, now you're really on the road to No. 10."

Mrs. Thatcher appeared almost overwhelmed by it all, although she claimed afterwards to be looking forward to a repeat performance. As the stars gathered round her, she seemed uncertain how to react. As for some of her advisers on the platform, hey looked as if they would rather have been somewhere else.

● After the rally, Mr. David Basnett, chairman of Trade Unionists for a Labour Victory, said: "The publicity-programmed Tory rally at Wembley was not of elected trade unionists representing democratically determined trade union policies."

ON THE STUMP

Sir Keith's penance

BY ELINOR GOODMAN

SIR KEITH JOSEPH, Shadow Industry Secretary and Mrs. Thatcher's private guru, does not, on his own admission, enjoy campaigning. He regards it as an intrusion into people's privacy and he flinches at the very thought of approaching someone cold in the street.

However, since he also regards it as his duty, he applies himself to the task with all the humility and zeal of a normally cloistered theologian doing a spell with a missionary order as a penance.

On a tour of the Midlands last week, he dutifully did whatever the local organisers asked.

His nose, which has an unfortunate habit at Westminster of twitching when in the presence of somebody he regards as lacking in intelligence, was kept scrupulously under control, and he never once confused the already bewildered shoppers with talks of the Public Sector Borrowing Requirement or the money supply.

The nearest he got to the latter was, when watching stamps being run off by the million in a printing works, he remarked uneasily that it was a bit like printing money.

The only drawback was that he did it all with such modesty that many of those who met him had no idea that they were being introduced to such an illustrious politician, let alone the hate object of the Labour Left.

Sidling into shops, he would say apologetically: "I am sorry I am not a customer, just a politician." Sometimes, he would add his nam and party but never did he thrust his opinions down anyone's throat.

Indeed, throughout his two "walkabouts," he showed a reluctance to interfere in trade which the Confederation of British Industry woud regard as wholly laudable. He declined to go into several shops on the ground that there were customers in them and he might put them off.

Until this week, Sir Keith has spent virtually the whole campaign on the road. Local organisers find him a good draw and he is certainly an impressive performer at public meetings.

He is at his happiest when somebody asks a good question: he comes down off the platform and into the audience so as to discuss the subject enthusiastically at the questioner's level.

To make the best of the campaign, Sir Keith has devised a list of questions, which not only take the place of the usual electoral small talk but provide him with evidence for his own theories.

Shopkeepers are all asked about competition and, more obscurely, opening hours. Factory workers are asked their "skill" (in much the same way other politicians ask people's names), and the role of the microprocessor in their jobs. One of the big moments on Friday was when Sir Keith, the man of steel, came face to face with a microchip.

Sir Keith himself kept so busy on Friday that he almost made himself redundant.

The "walk abouts" finished 10 minutes ahead of schedule and, when, with the willingness to oblige that he had shown throughout, he asked what they would like him to do next, the local organisers were temporarily stumped for an answer.

Sir Keith, however, is not a man to give up easily. Seeing a couple of shoppers, he strode once more back into the breach.

Europe supporters rallied

BY PAUL TAYLOR

THE ASSOCIATION of British Chambers of Commerce joined in the election battle today for the first time in defence of Britain's continued membership of the European Economic Community.

The association, in a strongly worded statement to party leaders, says the election campaign has been marred by wilfully misleading statements about "Europe" and calls for a much more positive approach.

Efforts in the election campaign to blame Europe for Britain's economic ills, it says, are distracting attention from the real obstacles—inflation, strikes, poor productivity, public spending and taxes.

"Europe-bashing" is also endangering the chances of achieving future co-operation on policy while positive advantages of the Community, including its contribution to political stability, are being ignored.

Call for tougher union curbs

TOUGHER CURBS on the trades unions than those proposed by the Conservative Party were urged by Mr. Michael Colston, chairman of the Colston group and a leading member of the Institute of Directors last night.

He called virtually for a return to the approach embodied in the controversial Industrial Relations Act, 1971, with legally enforceable agreements, strike action dependent on secret ballots and restrictions on all forms of picketing.

Mr. Colston, a member of the Institute's Council, outlined his hard-line approach to new legislation on industrial relations in framing questions for directors to put to all general election candidates.

Earlier Mr. Denys Randolph, chairman of the institute, declared that the best thing to put Briain back on is feet was a Conservative Government.

That would provide the best chance of increasing individual and national wealth, of promoting healthy industrial relations and creating "real jobs."

Few arrests at National Front march

FEW INCIDENTS occurred when anti-National Front demonstrators marched through the East End of London yesterday.

Police outnumbered the 1,000 demonstrators by more than two to one and there were only nine arrests.

WEST INDIANS living in Britain were urged to vote Labour, particularly in marginal constituencies, by the West Indian Standing Conference. In spite of the Government's failure to "act on key issues," Labour still offered the best hope for the future of the nation.

MR. KEITH SPEED, Conservative spokesman on race relations, accused Labour of telling lies about Conservative immigration policy and reaffirmed that compulsory repatriation does not form part of it.

ACCORDING TO a poll published by the Western Mail, Mr. Gwynfor Evans, leader of Plaid Cymru, is running second to the Labour candidate in his Carmarthen constituency.

BRITAIN'S POOR industrial record may be explained by the belief that the quality of life is more important than wealth creation, according to Mr. John Pardoe, Liberal economics spokesman. Politicians ought to be asking workers not how much they earned but how much they liked their jobs, he suggested on the ITV programme Weekend World.

The alternative solution from Britain's handful of Marxists

BY JOHN LLOYD

THE ORGANISED currents of British Marxism are as numerically weak today as they have been since the war. This must add a gloss to the statements of those, like the Social Democratic Alliance, who see an axis between the various far left groupings and the Labour Party, particularly its left wing.

Much of this decline must be attributed to the continuing haemorrhage in the membership of the Communist Party, down by more than 3,000 in two years to around 25,000 on the party's figures produced for its conference in 1977. While that figure still leaves it by far the largest of the Marxist groupings, it has probably suffered from erosion both to its right and left.

With its adoption, during the 1977 conference, of the revised "British Road to Socialism," it now shows few distinguishing features from the general programme of the Tribune group. It has thus lost a number of activists — Mr. James Reid, now the Labour candidate for Dundee East, is the best known—to the Labour party, in which they see greater scope for socialist advance.

Its evacuation of a revolutionary position for a gradualist or "Eurocommunist" one has allowed the groups to its left, generically known as Trotskyist, to take up the position of implacable opposition to capitalism, and to the state.

However, the CP is still in the arena, fielding 40 candidates up and down the country (generally avoiding the Labour marginals). Its major platform, according to Mr. Reuben Falber, the party's general secretary, is "the need for Britain to adopt an alternative economic policy, leading to economic growth."

The alternative policy includes an extension of public ownership, higher incomes and social benefits, a 35-hour week, and expansion of the social services. The programme would be funded, in part, by an increase in taxes resulting from more incomes (resulting from less unemployment) being taxed, coupled with a lowering of food prices following the withdrawal from the Common Market, which the party also advocates.

The party will not do well in the election. Since 1945, when two Communist MPs were returned, its electoral support has dropped fast to register around the few hundreds in the constituencies it fights. It retains strength in the trade union movement, and has the largest proportion of working class members of any of its Left-wing competitors.

But, as a generalisation, British workers remain social democratic (though a significant minority have been attracted to the National Front), and the CP has found more fertile recruiting ground among students, the intelligentsia, and the women's liberation movement in recent years than in the proletariat.

The Workers' Revolutionary Party, the most uncompromising of the Trotskyist groups, is standing 60 candidates, of whom Ms Vanessa Redgrave (Manchester, Moss Side) and Mr. Tariq Ali (Southall) are the best known. According to Mr. Alex Mitchell, the editor of its newspaper, the News Line, they are standing on three major issues: "we want to stop the Tories getting in; we believe that the Labour leaders should be brought to account for 4½ years in which they failed to bring in socialist policies; and to demonstrate that there is a revolutionary socialist alternative."

It is strictly sectarian: it will have nothing to do with the other Trotskyist groups, believing, for example, that their opposition to the police as manifest in the riots in Southall last week is a piece of juvenile folly. "If they want to take on the whole of the Metropolitan Police, good luck to them, but not with our help." It dismisses the National Front as a "handful of blockheads."

Socialist Unity, which is a coalition whose major partner is the International Marxist Group, and includes the Big Flame group and the International Socialist Alliance, is standing about a dozen candidates, and are also supporting Ms Pat Arrowsmith and Mr. Brendan Gallagher, who are under the Independent Socialist and Troops Out of Ireland banners respectively.

Ireland is a major issue for the SU, which provides most of the hecklers who have occasionally riled the Prime Minister. Mr. Bob Pennington, IMG national organiser, warned at a London meeting that it had "some more surprises" for Mr. Callaghan.

Mr. Pennington takes a realistic view of his group's chances: "Socialist Unity can't stand as an organisational alternative. We have to advocate policies which will create working class unity. We have to say we are for the return of a Labour Government for simple class reason.

"When the working class decided to form the Labour Party, it took the first stumbling steps towards an independent working class party. When working class people decide to vote Tory or Liberal or National Front, it is a historical step backwards."

The group, as its name implies, wants unity on the far left: but it has been rebuffed by the two other groups of size. "They no longer ask us because they know we would throw the invitation into the nearest waste paper basket," says Mr. Mitchell of the WRP. The Socialist Workers Party, the biggest group (around 4,000 members) is more polite.

Mr. Simon Turner, the SWP's national secretary, concedes that the two have several points in common, and they co-operate within the Anti-Nazi League. However, agreement to work together under the banner of Socialist Unity would mean a loss of identity.

The SWP is "taking part" in the elections by issuing propaganda in the areas in which it has branches: but it is putting forward no candidates. It, too, advocates a vote for Labour: it, too, says it has no illusions about the vote. An editorial in the party's paper, "Socialist Worker," makes the basis of its support clear:

"Labour and Tory alike are bent on propping up British capitalism, whatever the cost to the working class. But the methods they can use depends on the nature of their support.

"A Tory victory will make it easier for the bosses, the police, the racists. That is why Socialist Worker calls for a vote for Labour on Thursday, purely on a class basis and without any illusions in the Labour Party."

So divided, they stand.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Boat Show (0703 32348) (until May 6)	Exhibition Centre, Bristol
May 2—4	International Freighting Services and Equipment Exhibition—Freight Show North (01-437 0644)	Exhibition Centre, Harrogate
May 8—10	London Laboratory Exhibition (01-855 7777)	West Centre Hotel
May 8—13	Photo World '79 (01-935 8200)	Olympia
May 9—11	Environmental Engineering Today International Exhibition and Symposium (Royston 71209)	Wembley Conference Centre
May 10—12	EIA Anglex '79 Engineering Exhibition (01-222 2367)	Royal Norfolk Showground, Norwich
May 12—19	Antiques Fair (04868 22562)	Pavilion Gardens, Buxton
May 13—16	National Meat Trades Fair (01-637 2400)	Exhibition Centre, Harrogate
May 13—16	Sunday Times Business to Business Exbn. (01-407 4046)	Earls Court
May 15—17	Coventry Engineering Exhibition (0203 51777)	Hotel Leofric
May 16—20	Boat Show (0932 54511)	Brighton Marina
May 23—26	The Midlands Breadboard '79 (0822 4671)	Bingley Hall, Birmingham
May 23—June 10	USSR National Exhibition (01-637 2400)	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	28th Casablanca Intnl. Trade Fair (01-584 8827) (until May 13)	Morocco
Current	International Collectors' Fair (01-236 0911) (until May 2)	Stuttgart
Current	International Trade Fair (until May 13)	Brussels
Apr. 30—May 3	11th Annual Offshore Technology Conference and Exhibition (01-486 1951)	Houston
May 7—11	National Industrial Production and Machine Tool Show (021 454 6171)	Toronto
May 8—11	Interclean Trade Fair (01-228 2880)	Amsterdam
May 10—26	Man and His Environment Exhibition	Tel Aviv
May 15—18	SITEV—Automotive Original Equipment and Components Exhibition (01-235 7000)	Paris
May 14—19	International Surface Treatment and Industrial Finishing Exhibition (01-439 3964)	Geneva
May 20—22	Tennis and Active Sports Show	Dallas
May 21—26	British Machine Tools Exhibition and Seminar (01-215 7877)	Seoul
May 28—June 1	World Inland Waterways and Ports Development Exhibition (St. Albans 63213)	Strasbourg
June 6—16	All-British Energy Exhibition (021-705 6707)	Peking
June 8—July 1	International Transport Exhibition (IVA '79) (02013 4450)	Hamburg
June 9—17	33rd International Aeronautics and Space Exhibition (01-439 3964)	Paris
June 10—19	International Technical Goods Fair (01-215 7877)	Poznan
June 16—20	Advanced Communications Exbn. and Conference	Copenhagen
June 16—22	International Exbn. and Congress for Metallurgical Equipment and Technology (01-409 0956)	Dusseldorf

BUSINESS AND MANAGEMENT CONFERENCES

Apr. 30	Fielden House Productivity Centre: The Companies Bill and the Fourth Directive (061 445 2426)	The Post House, Northenden
Apr. 30	Institute of Grocery Distribution: 1984—For better or worse?	Metropole Hotel, Brighton
Apr. 30	Tips and Traps in Commercial Practice—Holborn Law Society seminar	Connaught Rooms, WC2
May 1—2	Management Studies Centre: Second International Word Processing Convention (01-940 5658)	Carlton Tower Hotel, SW1
May 2	Benn Business Promotions: Contract Furnishings—Reducing the Fire Hazard (Edenbridge 863944)	Royal Garden Hotel, W8
May 3	Elsevier: Computer Fraud seminar (Oxford 512242)	Royal Garden Hotel, W8
May 3—4	Financial Time Euro-Japanese Symposium—Trade, Finance and Politics in the 1980s (01-236 4382)	Brussels
May 8	Executant Conferences: Visual Inspection (High Wycombe 33171)	Bull Hotel, Gerrards Cross, Bucks
May 8—10	Crown Eagle Communications: UK Government Contracts (01-636 0817)	London Hilton
May 9—10	AMR International: Multi-Currency Asset Management (01-262 2732)	Press Centre, EC4
May 11	CCC: Takeovers and Acquisitions—Optimum Terms for Vendor and Purchaser (01-222 6362)	Press Centre, EC4
May 11	Executant Conferences: Quality Manuals—Development and Preparation (High Wycombe 33171)	Bull Hotel, Gerrards Cross, Bucks
May 11	InComTec: Industrial Relations Law and Its Likely Changes (Camberley 62677)	London Hilton
May 13—19	Lloyds of London Press: Marine Insurance (01-353 1000)	Tower Hotel, E1
May 14—15	Robert S. First: Single-Use Hospital Products in Europe	Dusseldorf Hilton
May 14—16	Brunel Management: Organizing Effectively (Uxbridge 56461)	Uxbridge
May 14—16	Transnational Management: Strategic Management-Techniques for surviving in the 1980's	Copenhagen
May 14—18	IPM: Selecting the Right Candidate (01-387 2844)	Whites Hotel, W2
May 15	ICMA: Marketing and the Management Accountant (01-637 2311)	The Crown Hotel, Harrogate
May 15	CAET: Developments in Industrial Tribunal Law—How to cope with them (01-580 7179)	Café Royal, W1

UK NEWS — LABOUR

FT SHOPPING BASKET

Manual billing plan to cut telephone loss

BY PHILIP BASSETT, LABOUR STAFF

THE Post Office will this week try to introduce manual billing of telephone customers to bypass the effects of a strike by computer workers which has halted the issue of all telephone bills since April 5.

Disruption to the telecommunication business will be increased, though, bya campaign of selective strikes over pay from today by members of the Civil and Public Services Association.

The Post Office will ask clerical workers, members of the association, to make up telephone bills manually to try to bring in the revenue delayed by the strike by members of the Society of Civil and Public Servants. The society estimates that the action is delaying payment of 5m a day.

The society will not object to the use of association members to prepare the bills manually. It believes that the task will be so large and the work so slow that manual billing will have little effect on their members' action.

Officials of both unions believe that the Post Office will try to send the first manual bills to larger telephone users, including big companies, newspapers and Government departments.

Selective strikes by clerical workers who issue new equipment to telephone engineers will begin today in Blackburn, Manchester, Peterborough and London. Members of both unions, Post Office commercial cash groups in Glasgow, Liverpool and London will refuse to pay outstanding telephone bills into the banks.

● The Banking, Insurance and Finance Union has rejected a pay offer of 12 per cent from Barclays, the first of the English clearing banks to reply to the union's claim for increases of 28-44 per cent.

The union, formerly the National Union of Bank Employees, is pressing for an offer closer to settlement averaging 17 per cent reached with the Scottish banks.

● British Rail has reached a pay settlement for 180,000 rail workers of 12.3 per cent, with further increases for drivers and top signalmen and an offer of a further 1 per cent for all grades on reaching agreement on a new national productivity scheme.

Teachers to intensify action this week as pay talks halt

BY OUR LABOUR STAFF

BRITAIN'S TEACHERS plan to intensify their action this week in support of their pay claim.

They are angry because Mrs. Shirley Williams has halted their pay talks and she has told them to wait until after the election.

The 85,000 members of the moderate Assistant Masters and Mistresses Association, which last week advised against industrial action, plan to walk out during school time on Wednesday afternoon, "to express their dismay and frustration."

The National Union of Teachers, the biggest teachers' group, said it planned to include "thousands" of schools from today in its action including a ban on meals supervision, out-of-school activities and the use of teachers' cars on school business.

It has called on its 250,000 members to make the action as wide spread and effective as possible and give parents only 24 hours' notice of sanctions instead of three days.

The second largest teacher union, the 115,000 National Association of Schoolmasters/Union of Women Teachers, which is to start a strict five-hour working day from May 8, has threatened to take legal action against the Government and local authorities over their handling of pay negotiations.

Mrs. Williams denied that she had placed an embargo on further negotiations: She also denied claims that she had accused the teachers of irresponsibility.

"Negotiations will be resumed as soon as possible after the Election and I hope teachers will not take disruptive action at this time," she said.

Sharp increase in fruit and vegetable prices

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SHARP rise in the cost of meat and fresh fruit and vegetables has pushed the FT Grocery Price Index up by 1.76 per cent in April.

The April index now stands at 110.88, which means that since the shopping basket was re-launched in March 1978 grocery prices have risen by slightly more than 10 per cent.

The FT shopping basket is based on data collected by 25 shoppers who monitor 100 items each month in the same food stores of all sizes and types throughout the U.K. The basket is not intended as an absolute guide, but — because it tends to be more up-to-date than official comparisons — it provides an early indicator of price trends.

In April, the fresh fruit and vegetable section of the basket rose by over £18 to reach £258.71 in total. The late spring this year has meant that fruit and vegetable prices have increased more than in a normal year. The poor weather has reduced the supply of fruit and vegetables — thus pushing up prices—and has also delayed the usual supplies of early season fruit and vegetables.

The index increase was mainly due, therefore, to the continued general high level of fresh fruit and vegetable prices. However, the introduction for the first time this year of early season — and therefore more expensive — new potatoes was also responsible.

Lettuces were generally cheaper in most shops — by as much as 7p each — but carrots were much more expensive because of limited end of season supply. Bananas were much dearer because of limited supplies.

Beef prices in the shops, especially for topside, lamb and pork, particularly loin chops, were also dearer. The main reason again appears to be shortage of supplies due to the bad weather.

The freeze on bread prices will help keep prices down for the next three months unless the big bakers are given interim price increases. But the freeze will only apply to the standard 28 oz and smaller loaves produced by the big bakers. Small, independent bakers who do not have to notify the Price Commission of price rises will still be able to increase prices. In April, for example, an unsliced loaf cost 2p more in many shops.

Higher sugar prices as a result of the recent Green Pound devaluation are also beginning to filter through to the shops. A one kg bag of sugar costs about 1½p more in most of the shops monitored, while cakes, biscuits, and orange squash were all slightly dearer.

Butter is up by 1½p per ½ lb, with margarine up by about 2p. But eggs are generally the same as last month at about 22½p per half-dozen.

● Inquiries about the grocery basket should be made to Lucinda Wetherall at the Financial Times. The FT grocery prices index is copyright and may not be reproduced or used in any way without consent.

FINANCIAL TIMES SHOPPING BASKET

APRIL, 1979

	April £	March £
Dairy produce	534.11	430.66
Sugar, tea, coffee, soft drinks	177.27	177.11
Bread, flour and cereals	245.92	244.84
Preserves and dry groceries	91.12	89.36
Sauces and pickles	43.08	43.46
Canned goods	161.99	160.60
Frozen foods	199.42	193.80
Meat, bacon etc. (fresh)	460.20	456.42
Fruit and vegetables	258.71	240.27
Non foods	184.75	182.62
TOTAL	2,356.57	2,319.14

Index for April: 110.88

1978: March 100; April 101.77; May 103.11; June 104.8; July 102.41; August 101.89; September 101.90; October 101.37; November 103.67; December 105.10.

1979: January 108.54; February 108.65; March 109.12; April 110.88.

Four likely to contest Notts. miners presidency

FOUR CANDIDATES are likely to be running for the presidency of the Nottinghamshire area of the National Union of Mineworkers after a moderate branch secretary, Mr. Roy Lynk, was elected last week as an area official.

Mr. Lynk, a branch official at Sutton colliery, polled 7,805 votes with Mr. Henry Richardson second with 4,843 in a total field of 13 candidates.

Mr. Lynk has not yet made it clear whether he intends to stand for the area president's job when Mr. Len Clarke, a leading NUM moderate retires in August.

If he does, though, he will make up an expected field of four, including Mr. George Cheshire, present Notts area financial secretary, and Mr. Ray Chadburn, Notts area official, both moderates, and Mr. Joe Whelan, present area secretary and a Left-winger.

AUEW demand for sex equality

THE NATIONAL committee of the Amalgamated Union of Engineering Workers yesterday unanimously agreed at its annual meeting in Eastbourne to use "the full strength of the union" to see that employers paid more than lip service to equal pay for 180,000 women members.

The committee also wanted tighter sex equality legislation, but was adamant that women should not have to do night work to gain equal opportunities.

Dockers accept £8 rise on Merseyside

MERSEYSIDE dockers yesterday voted to accept an increase of about £8 a week plus improved bonuses and other fringe benefits to give a new basic wage of £66.50 a week.

About one-third of the port's 6,000 dockers voted on the offer yesterday. The increase will take effect from last Saturday.

Mr. James Fitzpatrick, chairman of the Liverpool Port Employers' Association, said that the agreement not only increased pay but also provided the incentive to further improve productivity in the docks over the next 12 months.

CONTRACTS AND TENDERS

BOND DRAWING

PLANT & MACHINERY SALES

Description	Telephone
ROLLING MILLS	
5in x 12in x 10in wide variable speed Four High Mill.	
3.5in x 8in x 9in wide variable speed Four High Mill.	
10in x 16in wide fixed speed Two High Mill.	
6in x 16in x 20in wide Four High Mill.	
20in x 30in x 350 H/P. Two High Rerversing Mill	
10in x 12in wide fixed speed Two High Mill	0902 42541/2/3
17in x 30in wide fixed speed Two High Mill	Telex 33614
1970 CUT-TO-LENGTH max. capacity 1,000 mm 2 mm x 7 tonnes coil fully overhauled and in excellent condition	0902 42541/2/3 Telex 336414
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max. capacity 750 mm x 3 mm	0902 42541/2/3 Telex 336414
FARMER NORTON 18in WIDE CUT-TO-LENGTH LINE Max. capacity 15in x 10 s.w.g.	0902 42541/2/3 0902 42541/2/3
RWF TW STAND WIRE FLATTENING AND STRIP ROLLING LINE, 10in x 8in rolls x 75 hp per roll stand. Complete with edging rolls, turk'n head, flaking and fixed recoiler, air gauging, etc. Variable line speed 0/75/ ft/min and 0/1,500 ft/min	0902 42541/2/3 Telex 336414
SLITTING LINES (2) 300 mm and 920 mm capacity	0902 42541/2/3 Telex 336414
BAR AND TUBE REELING & STRAIGHTENING MACHINE by Platt. Max. capacity 2in Bar 2.50in tube	0902 42541/2/3 Telex 336414
8 BLOCK (400 mm) IN LINE, NON-SLIP WIRE DRAWING machine in excellent condition. 0/2,000 ft/in variable speed; 10 h.p. per block (1968)	0902 42541/2/3 Telex 336414
SIX BLOCK (22in x 25 h.p.) IN LINE, NON-SLIP VARIABLE SPEED WIRE DRAWING MACHINE by Marshall Richards	0902 42541/2/3 Telex 336414
2 15 Die MS4 WIRE DRAWING MACHINES, 5,000 ft/min with spoolers by Marshall Richards	0902 42541/2/3 Telex 336414
9 DIE 1,750 ft/min SLIP TYPE ROD DRAWING MACHINE equipped with 3 speed 200 h.p. drive 20in. Horizontal Draw Blocks 22in Vertical Collecting Block and 1,000 lb Spooler. (Max. inlet 9 mm finishing down to 1.6 mm copper and aluminium)	0902 42541/2/3 Telex 336414
7, 9 and 17 ROLL FLATTENING AND LEVELLING MACHINES, 20in, 36in, 59in and 72in wide	0902 42541/2/3 Telex 336414
HYDRAULIC SCRAP BALING PRESS by Fielding and Platt, 85 ton main ram pressure	0902 42541/2/3 Telex 336414
TYPE 1000F CINCINNATI PLATE SHEAR, max. capacity 1,250 mm x 25 mm M.S. Plate, complete with full range of spares	0902 42541/2/3 Telex 336414
No. 1 FICEYP SHEAR, max. capacity 50 mm rounds 75 mm x 35 mm bar 400 mm x 10 mm flats (spare shear blade)	0902 42541/2/3 Telex 336414
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch cotrol	0902 42541/2/3 Telex 336414
3 CWT MASSEY FORGING HAMMER—pneumatic single blow	0902 42541/2/3 Telex 336414
36 Dia. HORIZONTAL BULL BLOCK by Farmer Norton 75 H/P variable speed drive	0902 42541/2/3 Telex 336414
TWO SPEED REVERSING ROLLING MILL, equipped with 20 in dia x 30in wide rolls. Twin recoilers and 350 h.p. drive	0902 42541/2/3 Telex 336414
HERDIECKERHOFF 100 KW VACUUM HEAT TREATMENT FURNACE complete with 4 cooling station, vacuum pump and temperature control cabinet	0902 42541/2/3 Telex 336414
DRAWBENCH by Platt, max. capacity 15 ton pull x 40 ft draw	0902 42541/2/3 Telex 336414
1972 ROTARY SWAGING MACHINE by Marshall Richards, available with 30 die sets, max. capacity 24 mm bar, 57 mm tube	0902 42541/2/3 Telex 336414
9 DIE WIRE DRAWING MACHINE, cone type 40 hp x 750 ft/min 14 in diameter finishing block. 18% area reduction per die	0902 42541/2/3 Telex 336414
4,000 TON HYDRAULIC PRESS. Upstroke	01-928 3131
UPSET FORGING MACHINE 4in dia. 750 ton	01-928 3131
WICKMAN 1¼ 6SP AUTOMATIC. Reconditioned	01-928 3131
WICKMAN 2¼in 6SP AUTOMATIC. Reconditioned	01-928 3131
WICKMAN 2⅝in 6SP AUTOMATIC. Reconditioned	01 928 3131
CINCINNATI CENTRELESS GRINDER. Excellent	01-928 3131
LINDNER JIG BORER, very accurate	01-928 3131
1500 TON CLEARING D A PRESS Bed 180" x 96"	01-928 3131
200 TON VICKERS CLEARING PRESS Bed 36in x 40 in Air Clutch & Brakes as new	01-928 3131
200 TON SCHULER HIGH SPEED PRESS 200 spm	01-928 3131
LUMSDEN GRINDER 36" dia. magnetic chuck	01-928 3131
LUMSDEN GRINDER 84" x 24" magnetic chuck	01-928 3131
HEID COPY LATHE 36" dia x 50". Reconditioned	01-928 3131
FISCHER COPY LATHE TYPE 18/150	01-928 3131
WIEDMAN TURRET PRESS TYPE BRA/41 as new	01-928 3131
BRYANT INTERNAL GRINDER 60" dia. Excellent	01-928 3131
ROTOFINISH BARRELLING UNIT 36 cu.ft. rub. lined	01-928 3131
CAZENEUVE LATHE Model 725 25" dia x 39". Excel.	01-928 3131
NATIONAL COLD HEADERS ½" & ⅝" dia. recon.	01-928 3131
200 TON DEEP DRAWING PRESS	01-928 3131
DEEMOOR HEAVY DUTY LATHE 38 dia x 10 ft	01-928 3131
CINCINNATI No. 3 HORIZONTAL MILL	01-928 3131
V.D.F. CENTRE LATHE, 26" dia. x 14 ft	01-928 3131
BARBER & COLMAN 16-16 HOBBER, as new	01-928 3131
DRUMMOND COPY LATHE 8' 6" B/C. Recond.	01-928 3131

COMPANY NOTICES

THE GREAT NORTHERN TELEGRAPH COMPANY LIMITED OF DENMARK

The Ordinary General Meeting will be held at The Exchange in Copenhagen on Thursday the 17th May, 1979, at 3 pm.

AGENDA

[illegible]

W. F. JOHNSTONE & COMPANY LIMITED
(Incorporated in the Republic of South Africa)

Interim Ordinary Dividend of fourteen per cent ... [illegible] ... 25th April 1979.

PUBLIC NOTICE

E. SUSSEX C.C. BILLS

The amount of bills issued on 25th April, 1979 was £2,000,000 at an average rate of 11.4414% and at £1,000,000 as previously stated.

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	5.30	16.00
Residential Property	2.30	8.50
Appointments	5.30	16.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses for Sale/Wanted	6.25	19.00
Education, Motors, Contracts & Tenders, Personal, Gardening	5.00	15.00
Hotels and Travel	3.00	12.00
Book Publishers	—	8.00

Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra

For further details write to:
Classified Advertisement Manager,
Financial Times,
10, Cannon Street, EC4P 4BY

MOTOR CARS

BRISTOL — THE EXCLUSIVE ONE

ARE THERE ANY OTHER FULL FOUR SEATER CARS WITH ALL THESE FEATURES?

412/S2 Convertible Saloon
£29.264 or lease

- *A massive separate chassis (or even a chassis at all !)
- *Aluminium coachwork as standard.
- *A 22 cu. ins. luggage boot.
- *A full saloon which can be a convertible in summer.
- *Sports car handling and performance but with the comfort and docility of a limousine in towns.
- *A smooth unfussy engine which is easily maintained and runs on 2 star fuel.

BRISTOL CARS LTD.
368-370 Kensington High Street, London W14 8NI - 01-603 5556

LANGLEY

the 'where' of BMW
The reasons why:

78 320A Golf. Yellow. Tint. Sunroof.
78 323i Silver. Tint. LSD. Radio/Stereo.
78 323i Olive Green met. Tint. Sunroof. Radio/Stereo.
78 528iA Silver met. Tint. Elec. windows and roof. Central locking. Rear Headrests.
77 3.0Si Ice Green met. Tinted Elec. Windows. Air Cond. Mahle Alloy Wheels.
77 728A Dark Blue met. Tint. Central locking. Alloy Wheels. Radio/Stereo.
79 728A Gold met. Tint. Elec. Windows and Sunroof. Alloy Wheels. Radio/Stereo.
78 733A Black. Elec Tinted Windows. Air Cond. Alloy Wheels.
77 Mercedes Benz 350SE. Met. Brown. Tinted Elec. Windows and Sunroof. Alloy Wheels.
78 Porsche 911SC Sport. Met. Blue. Sportpack.

Sunday 10.30 - 1.30. And 8.30 - 7.00 pm weekdays

Langley · Portsmouth Road · Thames Ditton Tel: 398 3435

ian anthony

Ian Anthony, quality used cars. Featuring Porsche, BMW and a selection of hand picked, high performance vehicles. All high in stature, low in mileage. And all meticulously serviced and valeted by factory trained personnel prior to delivery. Here's this week's register.

PORSCHE

Ian Anthony Sales (Knutsford) Limited, King Street, Knutsford, Cheshire. Tel: 0565 52737

New 924 Lux 4 or 5 speed manual or auto for early delivery in the North West.

1979 Model 928 Automatic. Black with Black/White velours, all usual equipment, near side mirror, 4,000 miles, sold and serviced by us.

1978 911 SC Sport Targa. Petrol Blue with Cork interior, only 6,000 miles, a fine example.

1978 911 SC Sport Coupe. Grand Prix White, Black pinstripe interior, fitted with many extras including air conditioning, four-speaker radio, front and rear foglights, nearside electric mirror, Porsche side lettering and only 7,000 miles.

Low mileage, late model Porches urgently required

Ian Anthony (Sales) Limited, Glaessner House, Walmersley Road, Bury. Tel: 061-761 2221/2/3

1979 BMW 323i. Cashmere, Beige interior, manual sun roof, tints, alloys, PAS, pop-out rear side windows, delivery mileage.

1978 (T) BMW 520. Chamonix, Blue cloth interior, PAS, tinted glass, radio, electric aerial, 5,000 miles only.

1979 MERCEDES 450 SEL. Astral Silver, Black leather, electric sun roof, air conditioning, stereo, 1,000 miles only.

1979 MERCEDES 350 SE. Bright Red, Black check cloth interior, electric sun roof, electric windows, stereo, C. lock, delivery mileage.

1977 (S) MERCEDES 280 CE. English Red, Parchment check interior, electric windows, stereo, air conditioning, wash/wipe, 11,000 miles only, full history.

New FERRARI 308 GT4. Rosso Chiaro, air conditioning, wide wheels.
FERRARI 308 GTB. Blue Metallic, air conditioning, wide wheels, front spoiler.

DAIMLER VANDEN PLAS 4.2

1975 (September) with natural leather, auto, PAS, all VIP refinements, incl. air conditioning, tinted electric windows, chrome wheels, centre locking, radio/stereo etc. Works maintained, chauffeur driven. 31,000 only. £5,750.

GRANADA 2.8 GHIA

1978 (March). Mid blue with matching velour interior, auto, PAS and all Ghia refinements incl. sun roof, tinted electric windows, alloy wheels, radio/tape etc. 12,600 only. Quite as new and probably unrepeatable at £5,750.

MERCEDES 280E

1977 (Lastest Model). Light blue, dark blue trim, auto, PAS, tinted glass, electric windows, power sun roof, centre locking, hrw, radio/stereo and other options. 22,000 only. Virtually unmarked, as new throughout. £9,460.

AUDIO 100-GL-5E

1976 (Feb.). Dark metallic green with beige velour, auto, PAS, fuel injection, tinted windows, Blaupunkt radio/stereo, spot/fog lights. 13,700 only. Costing £7,700 today. This car is as new. £5,450.

The above cars are company executive sales. Terms/Leasing facilities could be arranged for prospective purchaser. All cars are offered for any trial and examination.

Please contact:

Mr. Buxton - Tel: (0283) 219183

Office Hours.

LONDON SPORTS CAR CENTRE LTD.

New CADILLAC SEVILLE (78 model). Platinum, burgundy leather trim. The Cadillac journey computer, chrome w/w and power trunk seal have been added to the outstanding standard specification. £14,000.

1978 CADILLAC SEVILLE (T-reg.). Black, red leather trim, specification as above. Our director's car, 9,000 only. £12,500.

1977 CADILLAC SEVILLE (T-reg.). Metallic blue with blue velour trim and vinyl roof. Superb specification including power seats. 2,000 miles. £10,000.

New CHEVROLET CAPRICE ESTATE. Choice of two 8-seater versions. Both with air-conditioning, electric windows and door locks, cruise control, etc. £9,250. Also choice of four saloon versions. Prices begin at £8,000.

Why wait 18 months for a Range Rover. Unregistered 1977 model Chevrolet Blazer 4-wheel drive estate/pick-up. Finished in black, 4-speed high and low range gears.

Unrepeatable opportunity £7,450.
1978 PONTIAC FIREBIRD TRANS-AM Black, white trim. Supplied and serviced by us from new. £8,250

High Street, Edgware, Middx. Tel: 01-952 6171.

MILCARS OF MILL HILL

The Complete BMW Dealer

Lease your BMW the Milcars way
A selection of used BMWs

1977 733 CSi AUTOMATIC
Chamonix white, blue cloth interior. Central locking, tinted glass, electric windows, Radio/cassette. From £78.85 per week

1977 633 CSi AUTOMATIC
Polaris metallic silver, black interior, air conditioning, radio/cassette. From £77.85 per week

1976 528 AUTOMATIC
Fjord metallic blue, cloth interior, manual sunroof, tinted glass. From £34.73 per week

1977 528 AUTOMATIC
Resada metallic green and interior, tinted glass, radio/stereo cassette, air cond., pre-heater, wash/wipe. From £45.50 per week

1976 320 AUTOMATIC
Inca orange, black cloth interior, tinted glass, manual sunroof. From £24.85 per week

(the above figures are gross and subject to all tax concessions and the above cars can also be purchased for cash)

18/18 Hale Lane, Mill Hill, London, NW7. Tel: 01-959 6961.

JENSEN INTERCEPTOR III required. 1975-76. Low mileage, saloon or convertible. Telephone 0742 364656.

BMW 320/6. Oct. 78. Metallic arctic blue, tinted glass, stereo cassette, radio, electric sun roof, two mirrors. 7,500 miles, immaculate. Going abroad, must sell. £6,300. Tel: 653 4126.

RANGE ROVER. 78. Del. mileage, PAS, tints. £10,995. Turbo charging and automatic gearbox. 01-247 6341.

REGISTRATION MARKS

CAR MARKS OF HULL

1 CLU	£1,295	ARH 43	£225	JJ3	£2,995	RP 11	£1,895
1 DTB	£1,295	99 BRK	£195	JA 777	£1,295	SUT 19	£195
1 FDM	£875	CAT 5 K	£195	JE 111	£2,995	SAT 86	£250
1 HGE	£895	286 D	£275	JP 12	£1,850	SL 867	£695
1 HLO	£1,150	2 EBO	£395	86 2 NT	£225	8K 45	£750
1 PEA	£1,450	2 EER	£395	JU 61	£425	SGG 7	£695
RDW 1	£1,450	711 F	£295	1111 NF	£695	TB 77	£1,795
STR 1	£1,650	111 FCG	£180	3333 PP	£650	TWM 33	£250
THN 1	£1,295	FG 14	£695	PYE 1	£650	27 TEH	£170
VBN 1	£650	FL 10	£1,875	RDM 110	£2,250	YAW 1	£950

Similar numbers wanted

Tel: Hull (0482) 25353/27070—daytime; Hull 658206/658232—eves./Sunday.
P.O. Box 99, Hull HU1 3EZ.

Sytner

WANTED URGENTLY
BMW and MERCEDES BENZ
late low mileage examples only. Absolutely top prices paid.

Exceptional leasing terms

BMW

1979 Series 635. Polaris/blue hide. elec. 5 roof and door mirrors. w/wipe, radio/stereo. 7,000 miles.
[illegible]

Choice of diesels from £4,150

All cars are fitted with automatic transmission and PAS unless otherwise stated and are covered by our 12 month guarantee

MERCEDES-BENZ

1978 450 SEL 6.9. Milan brown/ bamboo velour. Full specification. c. 1,000 miles. List price.
[illegible]

165 HUNTINGDON STREET
Tel: Nottingham (0602) 582831

TOM HARTLEY JNR

Rolls Royce and Mercedes specialists

ROLLS-ROYCE & MERCEDES SPECIALISTS

79 T Rolls-Royce Mk II
Arctic White, Blue interior. Delivery mileage.
£39,950

79 T Mercedes 450 SEL
Metallic Silver, Black leather. Electric sliding roof. Alloy wheels. P.D.M. L.S.D. etc. Delivery Mileage.
£22,250

79 T Mercedes 450 SLC
Velour upholstery. Air conditioning. Alloy wheels. Electric sunroof. Cruise control, etc.
£29,950

79 T Mercedes 350 SL
Maple Yellow. Alloy wheels. Electric tinted windows. Radio/cassette. P.D.M. D.M.
£20,500

79 T Mercedes 350 SE
Metallic Red. Parchment interior. Electric sunroof. P.D.M. Rear head restraints. L.S.D., etc. D.M.
£18,500

79 T Mercedes 280 SE
Fire Engine Red. Parchment interior. Electric sunroof. Electric tinted windows. Headlamp wash/wipe. Rear head restraints. Radio/cassette. D.M.
£16,950

79 T Mercedes 280 SE
Medium Red. Parchment interior. Electric sunroof. Electric tinted windows. P.D.M. D.M.
£16,250

79 T Mercedes 230
Electric sunroof D.M.
£9,950

79 T 200
P.A.S. Central locking. D.M.
£8,475

79 T Aston Martin Volante
Green. Magnolia interior. Delivery mileage. P.O.A.

79 T Porsche 911 SC Sport Coupe
Minerva Blue. Cork interior. 4-speaker Radio/cassette. Blue spot. Electric sunroof, etc. D.M.
£18 950

79 T Range Rover
Bahama Gold. Option pack. Power steering. Radio. D M.
£11,950

79 T Jaguar Series III
White. Biscuit interior. D.M.
List price

OPEN 7 DAYS A WEEK
Saturday & Sunday 10 am-4 pm
Tel: BLACKPOOL (0253) 24745
Evenings (0253) 854092

Very low mileage motor cars of outstanding quality.
Pre-SD1 Rover 3500s and Jaguar 4.2s

ROVERS

Rover 3500 VIP Automatic
Power steering. 1976 (P). One of 150 built by Rover. Platinum/Huntsman velour. Air conditioning. Tinted glass. Rear seat belts. Spare wheel mounting. Radio. 1 owner. Full history. 15,000 miles.

Rover 3500 (pre-SDI) Automatic
Power steering. 1977 (R). Richelieu/sandlewood nylon. Radio. 1 owner. 10,000 miles.

Rover 3500 S (pre-SDI) 1975 (N)
Monza red/buckskin nylon. Denovo tyres. Full history. 9,000 miles.

Rover 3500 (pre-SDI) Automatic
Power steering. 1975 (N). Paprika/bronze hide. 'S' hub caps. 17,000 miles

Rover 3500 SDI Automatic
1977 (R). White/nutmeg velour. Radio cosette. Full service history. 13,000 miles.

JAGUARS

Jaguar 4.2 Coupe 1978 (S)
Squadron blue/biscuit hide. Radio/stereo cassette. Electric aerial. 1 owner. Service history. 7,000 miles.

Jaguar 4.2 Saloon 1975 (N)
Sable/olive hide. Radio and electric aerial. Twin remote control door mirrors. 1 owner. Full service history. 18,000 miles.

For fuller details of these cars and their histories, please phone 01-330 4990.

Evans Autos

Tax based leasing and hire purchase facilities. Any new car supplied quickly. Full service and accident repair workshop 01-330 2900.

BUY or LEASE

Quality Cars from the COLT Stable

1400 GLX • CELESTE
SIMCA • SAPPORO

COLT-ALTRINCHAM
Navigation Road,
Altrincham 061-928 1307

Arden & Bull

Consult us for your Quality Car
Buy or Lease

ROVER TRIUMPH MG

Altrincham
16 Stockport Rd. 061-928 7010
155 Stockport Rd. 061-980 2212
1-3 Church Street 061-928 2662

CHERISHED NUMBER
1 KMC

our 1975 GRANADA GHIA is being sold with cherished number, £4,000 o.n.o.

Phone the Transport Manager on Rochdale 47127 business hours.

BENTLEY S3

1965

Chassis number B350HN

£7,000

Inspection invited, in Oxfordshire.
Home telephone number:
Ramsden (0993 86) 384

MERCEDES 450 SEL, 1977. "S" reg'd. 22,000. metallic brown, velour upholstery, refrigeration, alloy wheels, radio/cassette, electric roof. Managing directors car. Immaculate. £17,600. Tel. 0274 583287 office hours. 0274 591103 other.

PORSCHE 928. Brand new, delivery mileage only. Silver metallic, automatic, all extras, plus passenger door mirror. £24,950 o.n.o. 01-235 9092.

MERCEDES-BENZ

WOKING MOTORS

ESHER ROAD
WALTON-ON-THAMES
SURREY
TEL: WALTON-ON-THAMES
28811

normans

CITROEN CX

PRESTIGE

IMMEDIATE DELIVERY ON THIS VERY FINE CAR.

Write or phone
For Normans Leasing
Facilities NOW

NORMANS
91-95 FULHAM ROAD
LONDON, SW3
Tel: 01-584 8441.

CITROËN

1979 MERCEDES 280 SEL

5,000 miles, metallic silver, blue interior, air conditioned, electric sun roof, electric windows, Becker Mexico stereo radio/cassette, central locking, cruise control, level adjustment, four headrests, outside mirrors, magnificent car with extra backseat legroom.

PRIVATE SALE £16,900
Phone Home: 994 0967
Business: 629 1076

FOR SALE

ROLLS-ROYCE 1973
SILVER SHADOW
New condition. £17,650.
Particulars to view
W. J. C. REED & SONS
Solicitors
Laurencekirk 056-17-245

WADHAM STRINGER

ROLLS-ROYCE

Official Distributors for Rolls-Royce and Bentley.

H. A. FOX
34 Dover Street, London. Tel. 01-499 8962

1976 Aug. Rolls-Royce Silver Shadow Saloon. Regency Bronze, Dark Brown leather. Speedometer reading 24,000 miles. £26,500

1976 May Rolls-Royce Silver Shadow Saloon. Silver Mink, Dark Blue leather. Speedometer reading 15,000 miles. £27,500

1976 Feb. Rolls-Royce Silver Shadow Saloon. Pewter, Green leather. Speedometer reading 39,500 miles. £25,000

1976 Jan. Rolls-Royce Silver Shadow Saloon. Walnut, Beige leather. Speedometer reading 41,000 miles. £25,000

1974 Apr. Rolls-Royce Silver Shadow Saloon. Regency Bronze, Red leather. Speedometer reading 45,000 miles. £21,950

1973 May Rolls-Royce Silver Shadow Saloon. Black over Walnut, Black leather, electric sliding sunroof. Speedometer reading 38,600 miles. £18,950

1973 May Rolls-Royce Silver Shadow Saloon. Caribbean Blue, Dark Blue Everflex roof, Magnolia leather. Speedometer reading 56,700 miles. £17,950

1973 May Rolls-Royce Silver Shadow Saloon. Walnut, Beige Everflex roof, Beige leather. Speedometer reading 59,000 miles. £17,950

1971 Oct. Rolls-Royce Silver Shadow Saloon. Deep Indigo Blue, Black Everflex roof, Dark Blue leather. Speedometer reading 65,500 miles. £14,950

1971 July Rolls-Royce Silver Shadow Saloon. Shell Grey, Seychelles Blue roof, Blue leather. Speedometer reading 73,150 miles. £14,250

GUILDFORD
Woodbridge Road, Guildford, Surrey. Tel. 69231. Tlx. 859255

1979 Apr. Rolls-Royce Silver Shadow II finished in Mediterranean Blue with Beige hide upholstery. Delivery mileage.

1978 Sept. Rolls-Royce Corniche Convertible finished in Silver Chalice with Blue hide throughout and Dark Blue hood. 350 miles.

1975 Mar. Rolls-Royce Silver Shadow in Peacock Blue with Beige hide interior. Two owners. 33,000 miles. Excellent condition.

1971 Aug. Rolls-Royce Silver Shadow in Dark Blue with Black hide and Magnolia Everflex roof. 63,000 miles.

TORQUAY
Lisburne Square, Torquay. Tel. (0803) 24321

1976 Jan. Rolls-Royce Corniche 2-door Saloon finished in Silver Chalice with a Black Everflex roof and Red upholstery. Speedometer reading 23,750 miles. £38,500

1978 Aug. Rolls-Royce Silver Shadow Series II Saloon finished in Peacock Blue over Porcelain, White with Blue hide upholstery. One owner. Speedometer reading 780 miles. Price on application

1977 Aug. Rolls-Royce Silver Shadow Series II Saloon. Willow Gold, Brown Everflex roof and Beige hide upholstery. Speedometer reading 8,000 miles. Price on application

1977 Feb. Rolls-Royce Silver Shadow Series II Saloon finished in Ivory White with Brown Everflex roof and Brown hide upholstery. Speedometer reading 44,500 miles. Price on application

1974 Aug. Rolls-Royce Silver Shadow Saloon F.A.M. finished in Seychelles Blue with Blue hide upholstery. Speedometer reading 61,000 miles. £19,250

1972 Oct. Rolls-Royce Silver Shadow Saloon finished in Sand with a Brown Everflex roof and Beige hide upholstery. Compliant suspension and speedhold. Speedometer reading 58,000 miles. £16,500

1969 Jan. Bentley T Series Saloon finished in Shell Grey with Red hide upholstery. One owner. Speedometer reading 33,000 miles. £15,500

SOUTHAMPTON
The Avenue, Southampton. Tel. (0703) 28811

1975 Jan. Silver Shadow. Pewter over Moorland, Light Grey trim. Quadraphonic 8-track/radio, speed control, refrigeration, flared arch model. Full service history, supplied by us. Speedometer reading 29,868. £25,000

1973 May Silver Shadow. Black over Garnet, Beige trim. 8-track stereo, 5-push-button radio, refrigeration. Speedometer reading 52,872. £17,995

For that special car—
some special finance.

A comprehensive range of leasing packages is available from

WADHAM STRINGER LEASING
Waterlooville (07014) 61221

Other Quality Cars

SOUTHAMPTON
The Avenue, Southampton. Tel: (0703) 28811

1977 Vanden Plas 4.2. Coral/Beige leather trim. Air-conditioning. £11,500

1976 Jaguar 4.2 finished in Signal Red with Black cloth trim. Air-conditioning, radio/8-track player. MUST BE SEEN. £6,695

1978 Jaguar 4.2 Auto finished in Old English White with Biscuit interior. 5-push-button radio, electric aerial. Speedometer reading 6,500. £9,750

1975 Jaguar 4.2 Saloon finished in Lavender with matching Dark Blue leather trim. Radio, air-conditioning. £5,495

WADHAM STRINGER

Lincoln Street Motors GROUP

CARS OF QUALITY AND DISTINCTION

Rolls-Royce Silver Shadow, 1978, T Reg., wash/wipe model, 2,000 miles. Walnut ... £38,950

Rolls-Royce Silver Shadow, 1976, R Reg., Seychelles blue. Superb throughout £26,500

Rolls-Royce Silver Shadow, 1974 N Reg., black with beige hide £21,950

Bentley T Type, 1967, Tudor grey metallic with red hide, personalised number, outstanding condition £9,750

Mercedes 450 SLC, 1977, White coachwork. Excellent throughout £18,999

Mercedes-Benz 350 SLC, 1973, gold met., black leather, elec. windows, 49,000 rec. miles. £10,999

Panther De Ville. Two-tone gold met., 4,000 miles, VFR, custom nianon, magnificent ... £37,950

BMW 733 Auto. 1977/78, S Reg., Fjord metallic, tints, leather trim, 11,000 miles £13,499

Porsche 928 Auto. T reg Silver metallic, 3,000 miles: Manufacs. warranty £23,950

Porsche 911 Carrera 3-litre Sport Targa. Met Silver, low mileage. Excellent £13,999

Ferrari 308 GTB 2-seater, 1977 model. Met blue, air cond., leather, etc. £12,999

Maserati-Khamsin, 1978 series. Registered 1977 (S). Dark Blue, 8,000 miles £18,950

SUMMER HILL ROAD · SPRING HILL · BIRMINGHAM 1
TEL: 021-233 2651

1976 ROLLS-ROYCE SILVER SHADOW
Caribbean Blue with Dark Blue Everflex roof, and Beige interior, recorded mileage: 12,350 .... £28,000

1975 ROLLS-ROYCE SILVER SHADOW
Peacock Blue with Beige interior, recorded mileage: 27,100 .... £26,000

1976 ROLLS-ROYCE CORNICHE
Walnut over Willow with Beige interior, recorded mileage: 27,000 .... £38,950

Phone:
Paul Greenfield 021-327-3591

1979 ROLLS-ROYCE Silver Wraith II, delivery mileage, many extras. Fabulous colour and specification. £49,950. Part exchange considered. 0208 4551.

RANGE ROVER, 5 reg., immaculate condition. 18,000 miles. Sahara Dust. Power assisted steering, etc. Ring Bottisfield 226 (Salop).

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Assists control of projects

A RANGE of services which could greatly improve decision-making and control for many levels of management from financial controllers to planners and project foremen, is available at the Scicon Computer Services bureau at Milton Keynes.

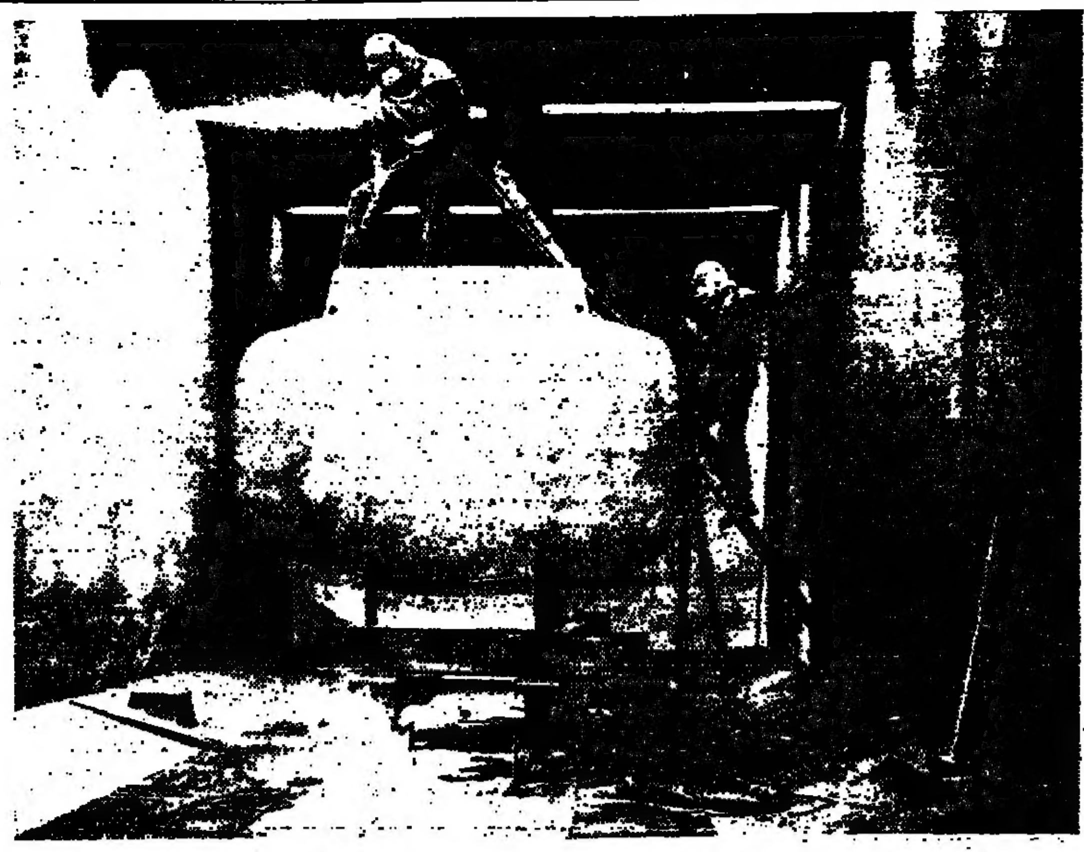
Projects involving only a few hundred activities or tens of thousands can be handled using the systems and Scicon personnel can provide back-up skill and experience to help companies implement projects using the bureau.

Three systems are available—Multinet, K and H Pert and Gospel, which between them cover most of the different types of project planning and control that may be required.

Multinet is based on techniques developed by Scicon technical director, Professor Martin Beale—a world authority on mathematical programming. It is designed to control small to medium-sized projects. K and H Pert is a flexible method of project planning capable of handling virtually any size of project.

Finally Gospel, which previously has been used exclusively by BP, not only provides information for senior management but, by extending the information, can produce reports and even job cards to help foremen control their work. Gospel has already been successfully used to control a project involving 80,000 man-hours, giving an annual saving of more than £100,000.

Brick Close, Kiln Farm, Milton Keynes, MK11 3ET. 0908 565656.



This large shot blast and surface treatment facility has been opened at Southampton by Hifit Engineering. The plant, which can handle loads up to 16 ft x 16 ft x 120 ft long is equipped with blast and spray rooms, which offer 24,000 cu ft areas fully equipped with the latest shot and grit blast machines and paint and metal spraying equipment where almost any structure or fabrication which is transportable by road or rail can be stripped to the bare metal and treated against corrosion. The Hifit site is located at Southampton Airport close to Eastleigh Station.

● COMPONENTS

Sure of a safe switch-on

INCREASING AUTOMATION of industrial machinery and processes has highlighted weaknesses in a small but widely used important component—the mechanical limit switch—says Setpoint, Ingate Place, London, SW8 (01-720 3961):

It has just developed a rationalised range of non-contacting proximity switches and added a new name to the technical dictionary—proxistors.

Advantages of proxistors over mechanical switches, says the company, is that no maintenance or lubrication is needed and they will go on switching for years—life is independent of number of operations and, even if left unused for years, they will work reliably.

Faster and free from contact bounce, they will also positively detect the presence of objects without physical contact and operate directly with counters, relays, solenoids, 24-volt logic and industrial instruments.

Company offers two basic types of proxistor—inductive and capacitive. The former will detect metallic objects entering a field generated around the switch by a resonant circuit. In the latter, a circuit is set into oscillation of an object into the detection field.

Within each type there is a range of models which vary according to effective range and body style and all the switches can be screw- or clamp-mounted while some have a threaded housing.

Majority of proximity switches used in this country have been produced in Europe (mainly Germany) and America, but, now, announces the company, its Cardiff factory will serve a home market which includes such applications as machine tools, process lines, packaging, bottling and filling plants, etc.

● PROCESSING

Makes tiny resin dot

A GROWING requirement in the electrical and electronics industry, where miniaturisation is the rule rather than the exception, is to be able to dispense minute quantities of resin, for sealing or adhesive purposes in items such as micro-circuits, capacitors and other small electrical contact systems.

According to Liquid Control, of 25 Harcourt Street, Kettering, Northants, NN16 0RR (0536 81491) the appropriate equipment is scarce and the company has therefore introduced an accessory for its Twinflow and Multiflow metering, mixing and dispensing machines. It can also be used with other makes of dispenser.

Fitted after the mixing head, it incorporates a miniature positive displacement pump with an accuracy better than 1 per cent of the dispensed volume. The company has previously used a timing device for this purpose, yielding only a tenth of the accuracy. The pump model allows quantities of 5 down to 0.1 gram to be accurately dispensed.

Volume control is by means of a knurled screw which varies the stroke length of the pump.

Aids the programmer

INTRODUCED into the UK by Four Phase Systems is a display terminal designed to help large programming establishments develop and maintain programs for the IBM 360 and similar machines.

Using software originally developed by Boeing, the programmer workstation is intended to increase efficiency by eliminating waiting time for on-line terminals and queues for keypunching. Each of up to 16 of the stations can be used independently to create, edit and store source programs locally.

When a programmer is satisfied with his project the Four Phase distributed processing computer transmits it to the IBM host for compilation and execution.

During development the programmer can create, edit, modify, print and delete source program files locally without using the mainframe. These local files are maintained on a large 67 megabyte disc and can be reviewed, modified and renamed if necessary before sending to the host.

More from 37, High Street, Marlow, Bucks SL7 1AU (06284 71921).

● RESEARCH

Access to patents

THE British Library is seeking the views of interested organisations on its patent document policy, prompted mainly by the small use made of the 13 patent depository libraries outside London and the £¼m cost of maintaining them.

Consequently, a BL consultative paper has been prepared on the subject of what might happen outside London. Among the options are withdrawal of the deposit arrangements in the provinces, the construction of a central national document and information service—in which on-line terminals and facsimile transmission equipment might play a part—and the methodical improvement of existing arrangements, felt in some quarters to be poor.

The paper has been published so that, before the British Library decides on action it can consider the views of all interested parties. Closing date is July 31.

Copies of the document from BL at 25 Southampton Buildings, Chancery Lane, London WC2A 1AW (01-405 8721 ext. 3427).

● SAFETY

Warns of oil spills

AGA Navigation Aids reports that simple modifications can be made to the signal light and sound systems of single point mooring buoys used in the offshore industry to give warning of possible oil spillages.

Control electronics of the systems can now be made to generate an additional set of signal codes (flashing light and sound emissions).

In the event of a ruptured pipe or anything else causing a pressure drop, sensors will trigger the change over to the new code which will be locally understood to indicate loss of oil into the sea, or the prospect of it.

Complete light, sound and radar transponder systems can be mounted with batteries in waterproof and flameproof enclosures with a service life of one year.

More from the company at Beacon Works, Brentford, Middlesex TW8 0AB (01-560 8465).

● ELECTRONICS

Competition in micros

SITE WORK has started on a microelectronics plant at Rousset near Aix-en-Provence where a joint venture company set up between St. Gobain Pont-à-Mousson and National Semiconductor Corp of the U.S. will begin operations under the name of Eurotechnique by the middle of next year.

Fifty-one per cent French owned, the company is being given access to all National's knowhow in MOS integrated circuits both current and under development.

Eurotechnique is expected to manufacture 8 and 16-bit micro-processors as well as 16k and 64k RAMs. But it will not be limited solely to those products developed by National. It will be a design centre and be able to conceive and market its own products. The company will have its own marketing department and establish a sales network throughout France and Europe.

National Semiconductor Europe is at Industriestrasse 10, D-8080 Fuerstenfeldbruck, West Germany.

Designed for small firms

DATA GENERAL has a new microcomputer-based addition in its Commercial System (CS) family. The CS/30 uses an interactive version of the Cobol programming language, comes in two models and can have up to three display terminals.

Both can maintain more than 20m bytes of information and are intended for use by the smaller company with up to 50 employees, or as part of a distributed processing network.

CS/30 systems can be easily developed by systems manufacturers and distributors for companies in the £500,000-£2½m range to perform typical accounting functions such as order entry, accounts receivable/payable, and payroll.

Data General, Hounslow House, 724, London Road, Hounslow, Middlesex TW3 1PD (01-572 7455).

● SECURITY

Detection of explosives

LATEST portable device for the detection of explosives, the Model 35 from A1 Security, London Road, Pampisford, Cambridge CB2 4EF (0223 834420) measures only 380 x 220 x 100 mm and weighs 400 grams (under one pound).

Using an ion drift detector in which the ions present in the vapours emitted by explosives modify an electrical circuit, the instrument responds within one second and can pinpoint, through materials and clothing, explosives such as dynamite and gelignite.

Use requires no more than switching on followed by a simple adjustment and if anything is detected an LED lamp flashes: this is visible only to the operator, for discreet examination, or can if desirable be accompanied by an audible alarm.

Instrument, disposable nine volt batteries, search probe, detector check sample, spares kit and instructions are contained in an attache case.

Remote test facility

A 4800 bps data modem from Borer Electronics incorporates a remote test facility allowing stations at the far end of a line and the line itself to be examined from the central site without additional test equipment.

The unit, designated 48 LSI + RT, can perform remote line and digital looping tests, remote test pattern generation and gives a broadcast alarm. Tests can be run in such a way that faults can be isolated and identified with specific lines or remote modems.

Particularly useful in multi-point applications, where remote modems are likely to be at sites manned by terminal operators unable to initiate test procedures, is the ability to generate a test pattern at either the central or remote modem, so that the direction of line faults can be identified.

In similar configurations the broadcast alarm facility alerts remote operators to the existence of central faults so that, for example, if a central computer fails the data processing centre is not inundated with telephone calls from data entry stations querying the lack of response.

Borer is at Fishponds Close, Wokingham, Berks. RG11 2QL (0734 783372).

● HANDLING

Will do the rough work

A ROUGH terrain fork lift truck called the Omfort H726 is to be offered for sale or hire by Agent Plant Sales of Lower Station Road, Crayford, Kent.

It has hydrostatic transmission and front end stabilisers which enable the driver to position loads 20 ft above the ground level.

Powered by a 75 hp air-cooled diesel engine, the truck has four wheel drive and will lift up to two tons of material to the maximum height. Using outriggers, it is possible to position the load 16 ft in front of the truck's wheels.

هكذا من الأصل

Building and Civil Engineering

Widnell and Trollope in big hotel project

TENDERS ARE to go out in September with a view to receiving bids in December for a US$50m 735-room hotel with conference and other facilities on Cable Beach, Nassau, for the Hotel Corporation of the Bahamas.

Associated practices of Widnell and Trollope, quantity surveyors and construction cost consultants, have been appointed by the Corporation to provide project control and quantity surveying services. Construction is expected to start in January, 1980 and the hotel to open early in 1982.

The project control is being carried out by Widnell and Trollope and Partners and the quantity surveying by Denis Hingston, Widnell and Trollope of Nassau. Architect for the project is Robertson Ward Associates who is also appointed for the interior design of the hotel and the other facilities. The latter will comprise a recreational centre, central laundry and central energy plant which will also serve other hotels owned by the corporation in the vicinity.

Wimpey wins over £11m by-pass and homes contracts

THE DEPARTMENT of Transport has awarded the £8.9m A2 Canterbury by-pass contract to the civil engineering division of Wimpey Construction.

Contract comprises construction of 8 km of dual two-lane trunk road south of Canterbury, linking Harbledown by-pass (A2) to Bridge by-pass (A2) together with 7 km of slip and side roads.

Included in the project is the building of six overbridges, four underbridges, pedestrian subway, farm underpass and stream diversion drainage works, together with retaining walls and culverts.

Work started this week and is scheduled for completion in April, 1981.

Nottingham office of the company has won three contracts for Leicester City Council for refurbishing and building of local authority homes at a total value of around £2.4m.

Modernisation of 50 houses at a cost of £215,000 on the Braunstone Estate involves the renewal of internal and external fabric as necessary, new bathroom and kitchen equipment, renewal of plumbing and electrical wiring, installation of central heating and redecoration throughout.

Two housing contracts at Hillsborough Road and Windley Road have commenced and, when completed, will be capable of housing about 800 people. At the former site, a development comprising 136 dwellings will be partly traditional and partly no-fines construction with a target for completion at the end of December this year.

Windley Road job consists of the erection of 111 dwellings together with associated stores, foundations, drainage, external works and landscaping. Development comprises a variety of flats and houses ranging from one-bedroom flats to five-bedroom three-storey houses. Value of these two contracts is about £2.2m.

Second phase of County Properties (Scarborough) warehouse development on the Altens Industrial Estate in Aberdeen has been awarded to Wimpey which is currently building phase one. Valued at just over £200,000, the single-storey building is scheduled for completion in October this year.

£22m assigned to Mears

OVER £22m of uncompleted contracts previously undertaken by Mears Construction have been assigned to the new Mears company.

Director Mr. R. W. Bale, formerly managing director of Mears Construction, told the Financial Times: "Most of the existing contracts have been won back because it has been made clear by Mr. D. D. Land, chairman and managing director of the Nuttall Group, of which Mears is now part, that the latter will retain its identity as well as most of its staff."

The company is concentrating its activities in the UK, retaining its headquarters at Dorcan House, Swindon, and branches at Southampton, Plymouth, St. Neots and the Wirral, with plant depots at Crayford and Eastleigh.

Mr. Bale said that the company was already tendering for new work, particularly sea defence contracts, road projects and building.

"I am really very confident about the future," he declared. "With the way the industry is going in this country, companies of the size of Mears Construction are very vulnerable. It is necessary to be part of a stronger unit in order to be able to weather the cyclical storms that are becoming increasingly devastating for so many firms."

"We now have the reputation and resources of the Nuttall Group and its ultimate holding company, the Hollandsche Beton Groep NV, behind us, and this we believe, will be most advantageous to Mears."

French Kier wins £9.9m

COMPANIES WITHIN the French Kier Group have been awarded eight contracts which together total nearly £10m.

Largest job for French Kier Construction is for stage two of the A283 Bramber-Steyning by-pass for the West Sussex Council and is worth £1.8m. Another £288,147 contract is for alterations and adaptations of Brighton Polytechnic for East Sussex County Council.

Remaining six contracts, worth over £7m have all been awarded to Robert Marriott of Rushden, Northants, part of the French Kier Group.

Work to be undertaken by Marriott includes construction of houses at Milton Keynes, a single storey comprehensive school for Northampton County Council, flats for the Anchor Housing Association at Oxford, and old persons bungalows for Northampton Development Corporation.

IN BRIEF

UNDER A £617,000 contract from Allied Suppliers (Properties) Costain Construction is to erect a supermarket in Roman Road, London, E.3.

Construction will be of steel frame with part load bearing brickwork. The supermarket will provide 2,768 square metres of ground floor shopping area with 830 square metres at first floor level.

Architects for the project are Grainger and Day. Work has begun and is due for completion in October.

Sports and leisure centre

OF SEVEN new construction projects (total value £2.25m) awarded to the sport and leisure division of Shepherd Building Service one is a £1.5m sports centre development at Prior Lane, Macclesfield, Cheshire, for the local borough council. Site work has started and completion is due in August next year.

Two major contracts worth just over £260,000 each are a 12-court squash complex at the Lee Valley Park between Ware in Hertfordshire and London's East End, and a squash club at Welwyn Garden City.

Smaller projects include a £40,000 job to build two back-to-back courts at Reading for the Prudential Assurance Company, a £60,000 three-court centre with office and canoe storage facilities adjacent to a riverside swimming pool at Braintree for the district council, and a £54,000 two-court glass-back development at Mildenhall Upper School for Suffolk County Council.

Work rolls in to Mowlem

WORK HAS been started by John Mowlem on an office and workshop complex at Dungeness B power station, Kent, for the Central Electricity Generating Board.

The contract is worth £3.1m and calls for the design and construction of a three-storey administration block, with a single-storey wing containing a medical centre, three workshops for the maintenance and repair of instruments, electrical and mechanical equipment from the power station, and ancillary buildings such as stores and boilerhouse.

Construction of the office block and wing will be of steel frame on column bases, precast concrete beam and hollow pot floors and roof, precast concrete exposed aggregate cladding panels, aluminium windows and roof finish of bitumen screed and felt.

The workshops will be constructed of steel portal frame with coloured profiled aluminium cladding and roof, insulated internally with floors of part dustproof concrete and wood block paviors in bench areas. Equipment will include a 20-ton gantry crane.

Two building contracts, worth together almost £3m, at Milton Keynes and Welwyn Garden City, have also been awarded to Mowlem.

The larger contract, worth about £2.4m and called Pennylands One housing, has been awarded by the Milton Keynes Development Corporation. It is for 177 homes, together with ancillary works including site roads, car parking, services and drainage.

The other contract, worth about £600,000, was awarded by the Hertfordshire Area Health Authority for a two-storey headquarters building and single-storey station for the County's ambulance service at Ascots Lane, Welwyn Garden City.

The two-storey building will include a radio control room, offices, a training school with classrooms, kitchen, dining room and lounge. Construction will be of traditional load-bearing brickwork with precast concrete first floor, lattice steel roof beams with woodwool slabbing and asphalt roofing.

The station will be built of structural steel columns and beams with part brickwork and part coated steel cladding. It will contain bays for 16 vehicles with ancillary staff rooms, stores and offices.

Bowey busy in North

BIGGEST OF the latest contracts won by the Bowey Group is worth over £1.4m and is for the building of the Coquet High School in Amble for Northumberland County Council. When finished at the end of 1980 it will cater for up to 770 schoolchildren.

Already at work on the £930,000 first phase of the redevelopment of housing at Kingsbridge, Longbenton, for North Tyneside Metropolitan District Council, Bowey has been awarded a £511,000 contract to construct the next phase of the scheme, all of which has been designed by the Newcastle architects Mauchlen Weightman and Elphick in consultation with the council's chief architect.

At Murton and Newcastle, the group is continuing the revitalising of older dwellings in urban areas. Competitive tendering to Easington District Council has led to a £680,000 contract for the modernisation of 99 dwellings at Murton. For the City of Newcastle upon Tyne, work has started on a 47-week £422,000 contract for the revitalisation of 53 properties in the City's Lower Heaton area and complete refubishment of dwellings in some streets in Scotswood.

Sharing in the order boom are Bowey's subsidiary companies, Wm. T. Wallace and Son, Greener Engineering Services, Gosforth Joinery Works, Internal Building Services and J. Ward (Electrical), who all contribute to the total of £8m achieved so far this year.

Bovis in the high street

TWO NEWLY awarded contracts for Bovis Construction cover work in the main thoroughfares of Egham and Sutton, Surrey.

Two-storey banking premises at Egham for National Westminster Bank will take about 48 weeks to complete.

The company is carrying out a £5½m re-construction of the Medhurst departmental store in Bromley for the UDS group which has now awarded further work for a project concerning Shinners store in Sutton.

Latter job is valued at about £530,000 and involves the provision of a new shop front, installation of a new escalator, and the construction of a new shop front/entrance to the adjoining building.

Housing for Walter Llewellyn

THE EASTBOURNE, Sussex, based Walter Llewellyn and Sons has successfully tendered in competition for a contract for 115 houses and flats at Bushfield Shaw Site 2, Redhill, Surrey, for the Coastal Counties Housing Association.

The scheme was designed by architects Phippen Randall and Parkes of East Molesey, Surrey. The quantity surveyors are Seymour-Robinson Atkinson Partnership.

Value of the contract is over £1.6m and the company will use its Quikbild timber frame method of construction.

£3½m awards to Amey Roadstone

AMEY ROADSTONE Construction has secured two airfield contracts worth over £3.5m.

At Gatwick Airport, the British Airports Authority has accepted Amey Roadstone's tender for the construction of a new western apron with a value of some £2m. The company is already engaged in the construction of a long term car park on the airfield.

The other contract, awarded by the Department of the Environment, has accepted the company's tender of about £1.6m for resurfacing the main runway and other works at the RAF Station Chivenor, North Devon.

Finnegan's £2.6m

INCLUDED IN contracts worth more than £2.6m awarded to J. F. Finnegan are two projects for the construction of council houses for Kirklees Borough Council and Shepway District Council.

Kirklees job is for 88 new dwellings on a site at Dale Lane, Heckmondwyke, while a £900,000 plus contract by Shepway is for more than 70 flats and houses at Reachfields, Hythe.

Other new work includes phase two of a large school project at Tunbridge Wells for the Roman Catholic Diocese of Southwark, house improvements for Peterborough City Council, and work for Leamington Housing Association.

£2m to Norwest Holst

AMONG THE latest contracts totalling nearly £2.2m awarded to Norwest Southern is one worth £800,000 for a five-storey office block at Station Road, New Barnet, Herts. Crouch Developments awarded the contract for which the architects are the Tripe and Wakeham Partnership. Completion is due in October.

Norwest Holst Northern has been awarded a £524,500 contract by English Industrial Estates Corporation, for alterations to a factory at Wilson Road, Huyton, Merseyside.

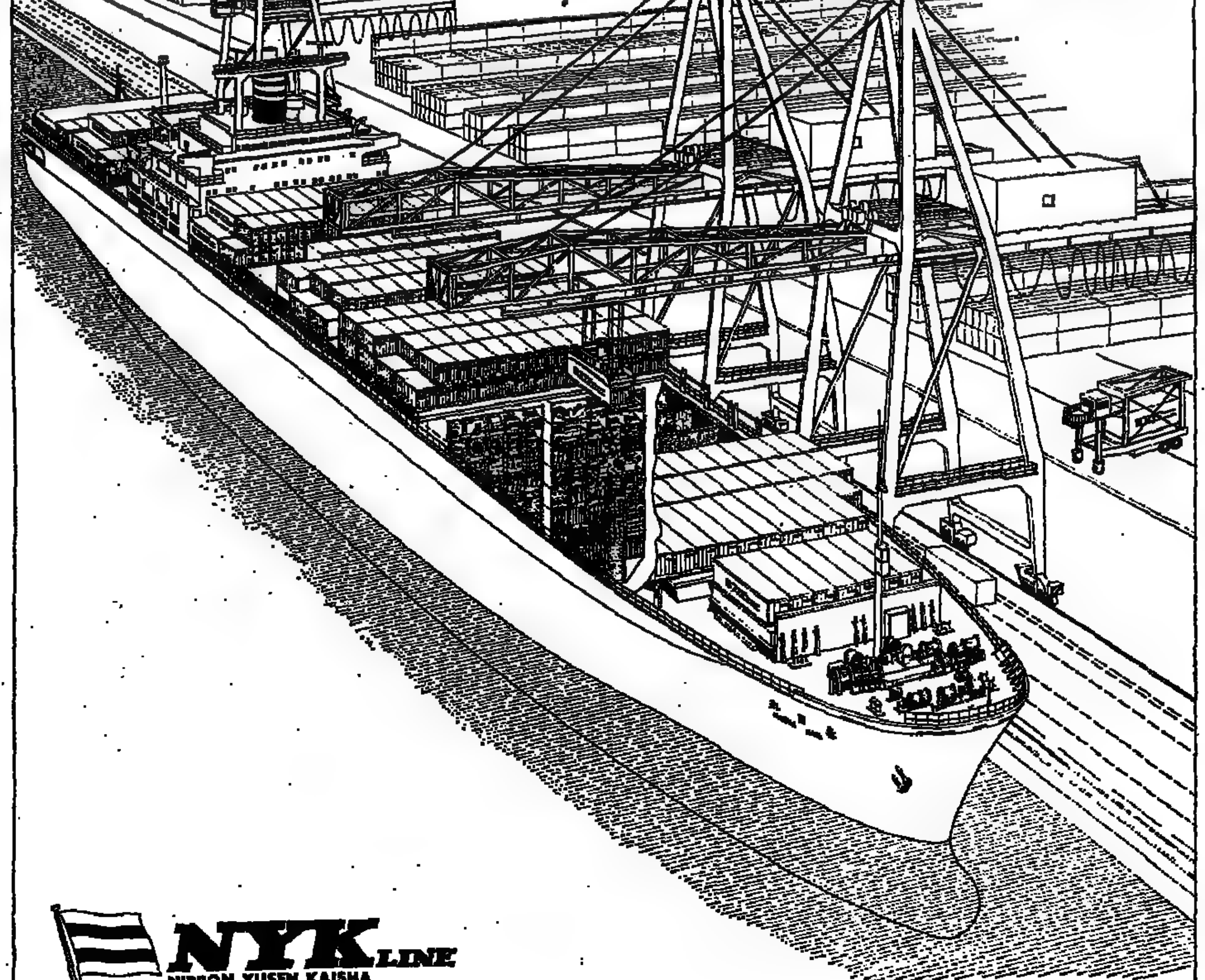
Three contracts totalling £352,804 have also been awarded to Norwest Holst Soil Engineering. One is from the Welsh Office (£113,804) for site investigation for the A55 North Wales coast road on the stretch from Llanddulas to Aber, another is a £129,000 contract from Sheffield Metropolitan District Council for site investigation for the Don valley intercepting sewer in Sheffield and the third involves site investigation on a twelve km stretch of the Oxford-Birmingham road north of Banbury for the Midland Road Construction Unit at £110,000 plus the geotechnical costs.

Laing jobs at home

NEW WAREHOUSE and two-storey office block in Nuneaton comprise a £1.3m contract awarded to John Laing Construction which also announces an £800,000 contract awarded by British Home Stores.

Work has started on the offices and warehouse for Adams' Childrenswear (subsidiary of Foster Brothers Clothing Company)

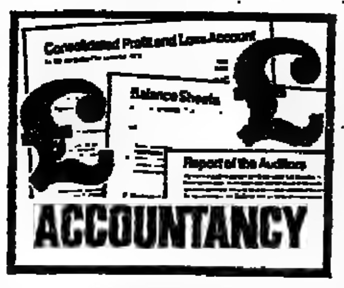
The store extension at St. Albans, Hertfordshire, will be a new steel framed building constructed on reinforced concrete piled foundations with brickwork cladding. Work here is already under way and completion is expected next March.



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Lonrho accounting policies under crossfire



SOME 42 firms of auditors throughout the world contribute to the final group audit of Lonrho, the international trading conglomerate. But this wealth of accounting advice has not prevented the group from having to fend off a good deal of criticism.

Last week, for instance, the three directors of Scottish and Universal Investments opposing Lonrho's bid for the company refused to touch any offer which included Lonrho equity, and in their defence document set out a list of six "material considerations in evaluating Lonrho's shares." One of the points listed concerned Lonrho's treatment of depreciation.

This attack on its accounting policy has come immediately after a slanging match which resulted from the attempt by Gulf Fisheries, a privately-owned Kuwaiti group, to force two of its nominees on to Lonrho's Board. The move ended in failure earlier this month.

Had the two Gulf men ever got to the Lonrho Boardroom one of the key areas to which they were ready to devote special attention was "the effect on Lonrho's market rating of the accounting policies adopted by Lonrho." The implication was that changes which Gulf had in mind would lead to an improvement in Lonrho's market status.

It is true, of course, that *there are controversial aspects to Lonrho's accounting policies.* The company has attracted attention for its insistence on consolidating a share of profits of House of Fraser although it owns, directly, slightly less than the 20 per cent stake given as a minimum in SSAP 1 (the statement of standard accounting practice which deals with the treatment of associated companies).

There is also the question of its depreciation policy, under which prior years' provisions, no longer required because the group regularly revalues its assets, are added back to profits. In 1977-78 this write-back represented 16 per cent of pre-tax profits.

The SUITs defence document this week contained calculations from which it argued that without this bonus the pre-tax profits of Lonrho, instead of remaining roughly unchanged, would have fallen by 14½ per cent during the last two years.

The practice was defended to the Monopolies Commission by Peat Marwick Mitchell—one of the joint auditors—as being acceptable, given adequate disclosure, "though somewhat unusual." All right, presumably, so long as you carefully read the notes at the back.

At this point, however, a logical flaw appears in Gulf Fisheries' argument. Why should Lonrho have adopted accounting policies harmful to its market rating? A more normal explanation of any unusual policies would be precisely the *opposite*—that they had been designed to improve the figures and help the share price.

How, then, did Gulf come to believe that Lonho's rating was actually being damaged? The arguments were never produced, but by implication Gulf must have reckoned that Lonrho had miscalculated. Perhaps controversy was making these accounting policies counter-productive, notably by discouraging the institutional shareholders of the City.

However that may be, Gulf was not the kind of company best fitted to change Lonrho's image. Lonrho launched with obvious relish into counter-accusations about the accounting practices of Gulf's associated public company in Kuwait, United Fisheries, which at one time held a sizeable stake in Lonrho.

Both 1974 and 1975 were bad years for shrimps. But at the end of 1974, just before its accounting date, United Fisheries revalued its Lonrho stake to well over the London market level. "This revaluation would not have been in accordance with United Kingdom accounting practice," thundered Lonrho. And at the end of 1975 United Fisheries made a large profit out of the sale of Lonrho shares to Gulf Fisheries, a private company, also at well above the then London market price.

Why should not Sheikh Nasser, Gulf's owner, shuffle assets between his public and private interests if he wished to? Gulf pointed out that any benefit to United Fisheries was provided at the expense of the Sheikh and his family, who incidentally also benefited from a jump in the share price of United Fisheries. Meanwhile the revaluation of the Lonrho stake in United's end-1974 accounts was "approved for the purposes of the accounts by United's auditors, a leading firm of chartered accountants." For some reason these auditors —the Kuwaiti firm of Bader Al-Bazie—was not actually named in the circular to Lonrho's shareholders.

Finally, Lonrho seized a sledgehammer to crack a nut. "Lonrho's accounts are audited by independent British firms of auditors who have never criticised the accounting policies of your company throughout the period of the association with Sheikh Nasser," the company told shareholders. "Your company's accounts for this and every other year have not been criticised by any professional body."

Barry Riley

BUSINESS COURSES

System Dynamics—Applications in Strategic Planning. London. June 18-22. Fee: £350 Details from Joint Programme Director, London Business School, Sussex Place, Regent's Park, London NW1 4SA.

Product Management, Brussels. June 25-29. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium

The Art of Managing Your Department, London. May 25. Details from Conference Department, British Institute of Management, Management House, Parker Street, London WC2B 5PT.

Developing Computerised Financial Systems, London. June 25-27. Details from AMR International, 6/10 Frederick Close, Stanhope Place, London W2

When God Can Take The Blame—Seminar to Define Force Majeure, London. June 25. Fee: £80 plus VAT. Details from Legal Studies and Services, Norwich House, 11-13 Norwich Street, London EC4A 1AB.

Mr. Van Rafelghem (centre)—setting his airline a slow course for break-even within five years

Michael Donne on the Belgian national airline's plans to climb out of the red

A long haul for Sabena

OVER THE past ten months, the wind of change has been blowing through the corridors of Sabena's head office in Brussels. For last June, concerned over the airline's mounting losses, the Belgian Government made some sweeping changes in the top management of the airline.

Among them was the appointment to the chairman's post of a long-standing civil servant, Carlos Van Rafelghem. The objective was to try to bring Sabena back into profit as soon as possible, in an increasingly tough climate for the world's airline industry, characterised on the one hand by mounting pressures for cheap fares, and on the other by rising costs, including soaring fuel bills—with an inevitable squeeze on margins.

Mr. Van Rafelghem, formerly assistant chief of staff of the Minister of Transport, and before that a member of the staff of the Belgian Treasury and the Minister of Culture and Flemish Affairs, swiftly restructured the day-to-day management of the airline.

In particular, he made the operations department responsible not only for operational affairs but also actual sales, to give ground and air crews a commercial as well as an operational motivation. At the same time, he widened the scope of the marketing department, to include in it such matters as sales promotion, and the formulation of fares policy.

While Mr. Van Rafelghem declares his determination to make Sabena profitable again, he is not planning to hurry. He has set himself a target of break-even within five years. He has already achieved some success, for losses of BFr 2.2bn (about £35m) in 1977 were cut to BFr 1.6bn (about £25.4m) in 1978, and he has high hopes of a further improvement in the current year.

His explanation of the airline's difficulties is simple. It overstretched itself, trying to fly on too many routes to too many places.

Overall aims

"As an airline where the State is the main shareholder, Sabena gave the impression that we were not required to be as competitive as others," he says, but adds that this is an impression he is determined to change. Some routes have already been cut out—for example, to Havana, Guatemala, Montevideo, Buenos Aires and Santiago—and some staff have left the airline and have not been replaced, though the labour force has remained roughly stable at about 10,000 since 1977.

His overall ambition is to break-even by 1983, with profits hopefully materialising in the next "five-year plan" thereafter.

"Five years is a very necessary period," he says. "To try to do it in a shorter time is impossible. We are too deeply in the red." And, he points out, one has to take into account a wide variety of other problems —the recent situation in Iran which has hit fuel supplies worldwide and forced up fuel costs for all airlines; the deregulation in the U.S. and the increased competition on the North Atlantic; and the need for fares increases.

Mr. Van Rafelghem bases his strategy on the simple expedient of cutting costs sharply, getting rid progressively of the losses which even at last year's better level of BFr 1.6bn is "simply unbearable."

"One of the first management objectives is to slow down the pace of development of costs," he declares. He hopes this will bear considerable fruit within the next few years, especially if Sabena develops its sales at the same time. "We believe that the world market itself will continue to grow, and we intend to grow with that part of the market we already serve."

But Mr. Van Rafelghem has set his mind firmly against massive dismissals in the company. Rather, he intends to freeze all but essential recruitment, not replacing staff who leave. "We have to manage the personnel in this company as it has never been managed up till now," he says.

"In the past you just said you needed so many more people, and you got them. But from now on, having let go a certain number, I believe you will see productivity improving—not that lack of productivity in Sabena is all that evident, but an improvement is needed in some areas."

Mr. Van Rafelghem is aware that he could produce profits much more quickly than in five years, by laying off, say, a thousand people immediately. But this, he says, would be too ruthless an approach. "The employment market is so closed at present, not only in Belgium but elsewhere in Europe, that specialist personnel from Sabena would have nowhere else to go."

As a result of this policy of moving slowly, Sabena is not in the market for a major expansion of its fleet, or its route network, in the near future. It foresees a need to increase its long-haul fleet of DC-10s by perhaps two or four aircraft in the not too distant future, but it is not yet ready to invest in, say, the European Airbus, although a purchase of the A-310 version in the longer term is far from being ruled out.

Careful watch

But for the time being the airline will make do on short hauls with its Boeing 737s of which it has 15, and will take its time over finding a replacement for its Boeing 707s. It is not, therefore, immediately discussing such aircraft as the new short-to-medium range Boeing 757 or 767, but Mr. Van Rafelghem makes it clear that the airline's planners are keeping a careful watch on all new aircraft ventures.

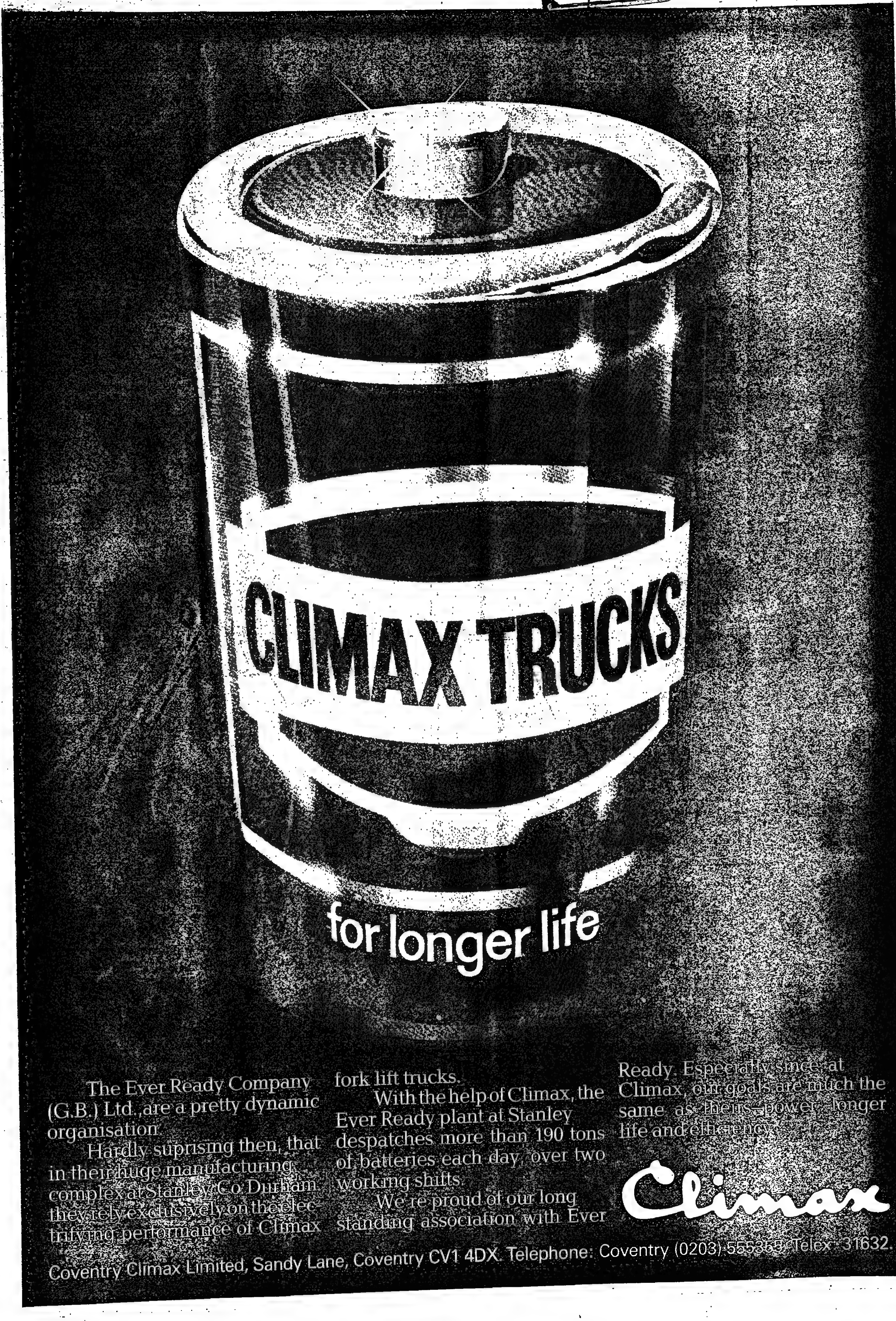
So far as the route network is concerned, the airline's prime objective is to ensure that it can maintain its position on its short-haul European network, on its longer routes to Africa, and to the U.S., in the face of intensifying competition. For the medium-term, it is seeking to operate additional routes to the U.S. for which traffic rights have been obtained (it started a service with Boeing 747s to Atlanta, Georgia, this spring), and wants a new northerly (polar) route to Japan. In the longer-term, it might also be interested in flying to Peking.

Commenting on fares policies, Mr. Van Rafelghem says he is opposed to the extension of ultra-cheap fares in Sabena. "Our passengers are not so much tourists as business travellers, who want a quiet flight, a good flight, without problems, on time and with reliable service and so on. This we feel we already offer for the most part, but we are trying to improve it. But, while like others, we are trimming our prices, we are not coming down to the foolish levels of some other airlines.

"For example, we do not believe that Stand-By fares are all that beneficial to us. We do not have them at present, and we do not intend to offer them. I think that ultra-cheap fares and the best possible service are not compatible. We want to offer the latter, and of course, good service means personal service. You have to pay people for serving others. You can't serve people by machines."

As a philosophy, it appears already to be working for Sabena. Mr. Van Rafelghem still has four years or more of his five year plan to go, but on present form, he seems well set to achieve his ambitions.

هكذا من الأصل



LOMBARD

Do what I say not what I do

BY SAMUEL BRITTAN

"A SUSTAINED attack is required on restrictive practices at all levels. Procedures, however desirable in the past, which stand in the way of improved performance must be re-examined. This is the only basis for sustained expansion and a growth of real earnings."

How many times have we read similar statements of obvious and over-familiar truths in government White Papers? Such statements were staple fare in a time of Cripps. They have been repeated by all subsequent governments and will no doubt be reiterated by the next administration, whatever its political complexion.

The statements remain the same partly because the problems do. But also because the people who write them are the upper civil servants—the permanent politicians as they have been so aptly called—who stay at their desks from one election to the next. And it is officials, not ministers, who draft documents as well as advise on their contents.

You might then expect them to take an equally strong stand against restrictive practices on their own patch of ground. Or knowing human nature you might not. And in the latter you would be right.

Dilution

The Administrative Civil Service has long operated a virtual ban on dilution by outside entrants who have not gone through the craft apprenticeship of training on the job. A Permanent Secretary advising a minister will normally have spent the past 30 or 40 years working in Whitehall. This is in striking contrast to even the most bureaucratic private concerns, where even if internal promotions are preferred some outside appointments always take place, and a little head-hunting is encouraged.

There have, of course, been some small breaches in this wall in the past decade or so. A few middle level officials and business executives have gone on one or two-year interchange schemes. But there was no danger here of a permanent infusion of new blood. There has also been a limited competition for late entry Principals; but this is still a far cry from opening the top posts to competition. Late entry is more usual among professional grades, whether engineers or economists; but these are proverbially "on tap but not on top." There have also been the well-publicised and very temporary political appointees.

But the idea first advanced by academic writer, Brian Chapman, as early as 1962, that senior posts above Assistant Secretary should be advertised as a routine was sheer heresy.

Now at long last a microscopic dose of this heresy has been introduced. Seasoned Whitehall observers have been startled to see advertisements for permanent posts for Under Secretary at salaries of "£15,000-plus" designed for "men and women with recent substantial experience and responsibility in an industrial, financial or commercial organisation." Preference is to be given to specialists in "financial control, project management and appraisal, corporate planing, personnel management and industrial relations." Experience of dealing with government departments is mentioned as an advantage.

This is still a far cry from the Chapman idea. The Civil Service Department is thinking of three appointments (on an experimental basis) out of a normal annual promotion of 50 to 60 to Under Secretary level. Some bright sparks in the First Division Association (which represents upper civil servants) were in favour. One thought was that the response to the advertisements would help ascertain the market rate for top administrators, planners and advisers, and thus help the Civil Service associations in their campaign for better salaries. There is of course the danger that if the applications proved disappointing, the more establishment-minded will says "I told you so; the experiment has failed" without jumping to the intended conclusion.

Another thought among the proponents was that Whitehall was suffering from "a retirement bulge." Recruitment to Whitehall in the very early post-war years was exceptionally high and there is not an equally large field of choice for replacement of top positions.

Blacking

But these mild revolutionaries did not get their way in the staff associations, who have voiced strong reservations about this extremely minor dilution, which blue collar trade union leaders would have taken in their stride.

Indeed, it has been said that Permanent Secretaries will refuse to employ anybody appointed under the new scheme, and that therefore the new entrants would all have to be placed within the Civil Service department itself. This of course is sheer fantasy. However sceptical Permanent Secretaries may be, one can hardly see them "blacking" approved appointees.

But the fact that such stories can circulate shows just how much civil servants dislike practising what they preach.

Strasbourg jolts our free speech laws

THE WEEK IN THE COURTS

BY JUSTINIAN

IT COULD hardly have been expected that litigation over the marketing of a drug prescribed as a sedative for expectant mothers would provide the most significant legal ruling on freedom of speech in recent times. Yet when The Sunday Times wanted to publish an article in 1972 alleging that drug manufacturers had been negligent in testing the side-effects of thalidomide on pregnant women it was met with the threat of being in contempt of court, because for some years the manufacturers had been waging a protracted litigation with the parents of grossly deformed children. Trial by newspaper was the cry that went up from the drug manufacturers and the earnest supporters of a fair administration of justice.

Last week's ruling from the European Court of Human Rights is a triumph for those lobbying for freedom of information.

In 1972 the Attorney-General of the day (Sir Peter, now Lord, Rawlinson), wearing his apolitical hat as guardian of the public interest, too The Sunday Times to court and obtained an injunction restraining publication of the article so long as the litigation over thalidomide continued: a temporary and not permanent dampener on publication.

Early in 1973 The Sunday Times snatched a victory from the Court of Appeal, only to be thwarted by the same Attorney-General taking the matter to the House of Lords, and successfully, in July, 1973, having the injunction reinstated. In June, 1976, at the point where the last of the parents were settling their claims against the manufacturers, the injunction was discharged. After nearly four years the contentious article, with minor modifications, appeared for all to read.

Throughout the fascinating forensic exchanges and learned judgments the contest in the English courts has been between the freedom of expression and the the fair administration of justice. The latter triumphed because the judges thought that the tragedy of the thalidomide children as emotively portrayed in incomplete if not unreliable newspaper stories would swamp a fair consideration of the manufacturers' defence to the charge of carelessness.

Lord Reid put it in the most compelling way: "What I think is regarded as most objectionable is that a newspaper or television programme should seek to persuade the public by discussing the issues and evidence in a case before the court, whether civil or criminal, that one side is right and the other wrong." In other words, while the best test of truth is the power of the thought to get itself accepted in the competition of the market, judicial truth is entitled to have its say first and the public must await any other view of the truth.

That indefatigable fighter for Press freedom, Mr. Harold Evans (editor of The Sunday Times), was far from beaten. He took his case to the European Commission on Human Rights, and last Thursday the European Court of Human Rights at Strasbourg vindicated his stand. By 11 votes to nine (each member-State of the Council of Europe has a judge on the court) the Court held that, unlike the House of Lords interpretating the contempt laws of England, it was not faced with a choice between two conflicting principles, but with a principle of freedom of expression subject only to a number of exceptions which had to be narrowly interpreted.

Article 10 of the European Convention on Human Rights guarantees not only Press freedom but the right of the public to be properly informed. The families of the victims of thalidomide who were unaware of the legal difficulties had a vital interest in knowing all the underlying facts and alternative resolutions of the litigation.

It would be right to deprive them of the information contained in The Sunday Times exposé only if it was clear that its diffusion would have presented a threat to the "authority of the judiciary." The court concluded that the iterference complained of did not correspond to a social need sufficiently pressing to outweigh the public interest in freedom of expression. The retraint was disproportionate to the legitimate aim pursued; "it was not necessary to a democratic society for maintaining authority of the judiciary." Since English judges are not slow to say that they are always capable of putting aside any Press comment on the cases they have to try (particularly appellate judges) the injunction was more designed to protect the manufacturers from having to develop their defence in public and in advance of any trial that might take place.

It would be wrong to think that the court's decision is a judicial slap in the face to the House of Lords. It is not. The Human Rights Court accepts that the Law Lords correctly stated the English law on contempt of court. That is left untouched until Parliament, in compliance with the obligation now imposed by the court's decision, changes the law—a change in any event advocated by the Phillimore Committee that reported shortly after the Lords had ruled in favour of the injunction.

But what is significant is that none of the 11 English judges who heard the case as it went up the hierarchy of courts alluded at all to the possible impact of Article 10 guaranteeing the freedom of expression.

Times have changed, even among the judges. There is now a growing awareness of the impact of fundamental rights, even if with impeccable legal logic the courts have declared that the European Convention on Human Rights is not part of English law. Only just before Easter Lord Diplock went out of his way to warn that the law of criminal libel is irreconcilable with the precept of Article 10.

He said: "The examination of the legal characteristics of the criminal offence of defamatory libel as it survives today, which has been rendered necessary in order to dispose of this appeal, has left me with the conviction that this particular offence has retained anomalies which involve serious departures from accepted principles upon which the modern criminal law of England is based and are difficult to reconcile with international obligations which this country has undertaken by becoming a party to the European Convention for the Protection of Human Rights and Fundamental Freedoms."

Under our present law of criminal libel a person's freedom of expression, whenever it involves exposing seriously discreditable conduct of others, is to be suppressed by public authority unless the author can convince a jury retrospectively that his utterances were for the public benefit. Article 10, on the other hand, requires that the freedom of expression shall be untrammelled by public authority except where its interference is necessary for the protection of the public interest.

Our law of criminal libel thus turns Article 10 on its head. It will not survive the scrutiny of the Court at Strasbourg. Neither will, one suspects, the law of blasphemous libel, if only because it is ostentatiously discriminatory in favour of Christianity to the exclusion of other religions.

What seemed, therefore, as a mild corrective from Strasbourg to our contempt laws, in fact proves to be a powerful weapon for revision of all our laws touching on free speech.

The Sunday Times case has provided something more than a diverting topic at election time. It impinges on the whole area of free speech. Some electors might even ask their candidates what steps the next Government will take to bring Britain into line with European standards.

Piggott chooses Jeroboam as his 2,000 Guineas mount

RACING

BY DOMINIC WIGAN

RIDING PLANS for the 2,000 Guineas prospects now seem nearly complete, following the news that Lester Piggott will be aboard Jeroboam and that Yves Sain-Martin will probably partner Lyphard's Wish.

The riding arrangements for Lyphard's Wish has been extraordinary, and both Cecil and Piggott may be regretting events of the past couple of weeks.

Joe Mercer took his time before announcing that Newbury winner Kris rather than Lyphard's Wish would be his mount, and then Cecil, on the understanding that Junius with Piggott would probably be in the 2,000 Guineas line-up, approached both Pat Eddery and Willie Carson.

Both said they were unlikely 2,000 Guineas candidates for Lyphard's Wish. Eddery told Cecil that he would almost certainly be required by Seven Barrows at Haydock on the same afternoon, while Carson said tentative previous arrangements might well prevent his stepping in.

Now, following the news that Junius, a disappointing fifth behind Gerald Martin at the Curragh on Saturday, will miss the big race, Piggott has had to switch. Jeroboam is his choice. Fate plays some extraordinary games and the irony of a victory for Jeroboam with Piggott a late substitute is certainly not such a remote possibility that it can be totally discounted.

We should certainly know a little more on the subject by Thursday even. It was at the Craven meeting that Harry Wragg's colt almost succeeded in foiling a major gamble on Lyric Dance in the Tote Free Handicap. A win or narrow failure by Tree's Lyric Dance in the 1,000 Guineas on Thursday afternoon will see many turning to Jeroboam at around 14-1 for arguably the best each-way value in a 2,000 Guineas which may not require a tremendous amount of winning.

Yves Saint-Martin, who has ridden some memorable races over the Rowley Mile, flies in on Tuesday and will be partnering Lyphard's Wish in his final piece of work of Wednesday morning.

Five years ago Saint-Martin, France's most successful post-war jockey, rode Nonoalco to a 19-2 victory in a 2,000 Guineas in which Piggott's mount Apalachee was an 11-4 on disaster for many.

Turning to the 1,000 Guineas, Eddery remains confident that blinkers will cure Lyric Dance's tendency to hang as she did close to home in the Free Handicap. Although blinkers may well keep the Bechampton filly on a true course in the final furlong, it remains that One In A Million, a 5-4 chance in most books will almost certainly be produced at the death by Joe Mercer and these tactics will give Lyric Dance and Pat Eddery little chance to fight back.

Latest Guineas' odds: (2,000 Guineas) 11-4 Kris, 5-1 Lyphard's Wish, 6-1 Young Generation, and 8-1 Boitron. (1,000 Guineas) 5-4 One In A Million, 6-1 Patasia, 8-1 Lyric Dance, and 10-1 Devon Ditty.

BATH

2.00—Heart Stopper
3.00—Hay Ride
3.30—Buttress***
4.00—Midnight Dancer**
5.00—Le Champ Talot
5.30—Miss Gaylord*

TV/Radio

BBC 1

† Indicates programmes in black and white

†9.38 am Schools. 10.45 You and Me. 11.00 Schools. 12.40 pm News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.01 Schools. 3.15 Songs of Praise. 3.55 Play School. 4.20 Cheggers Plays Pop. 4.40 Baggy Pants and the Nitwits. 5.00 John Craven's Newsround. 5.10 Blue Peter.

5.40 News
5.55 Nationwide (London and South-east only)
6.25 Nationwide
7.00 Ask the Family
7.25 Some Mothers Do 'Ave 'Em
8.10 Panorama
9.00 Election Broadcast by the Conservative Party
9.10 News
9.40 Starsky and Hutch
10.30 Campaign '79
11.10 ELO at Wembley
12.10 Weather/Regional News

All regions as BBC-1 except at the following times:

Scotland—3.15 pm The Last Stronghold of the Pure Gospel. 5.55 Election Broadcast by the Scottish National Party. 6.05 Reporting Scotland. 12.10 am News and Weather for Scotland.

Wales—1.45 pm Pila Pala. 5.55 Wales Today. 6.15 Election Broadcast by Plaid Cymru. 7.00 Heddiw. 12.10 am News and Weather for Wales.

Northern Ireland—3.53 pm Northern Ireland News. 5.55 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School
4.50 pm Open University
6.55 Horseback
7.20 Cameo
7.30 News
7.40 Ten Years of Yesterday's Witness
8.10 The Waltons
9.00 Election Broadcast. As BBC-1
9.10 Rhoda
9.35 Horizon
10.30 Behind the Mirror
11.30 News and the Hustings

LONDON

9.30 am Schools. 12.00 Chorlton and the Wheelies. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News. 1.20 Thames News. 1.30 Treasures in Store. 2.00 After Noon Plus. 3.20 This Year Next Year. 4.20 Clapperboard. 4.45 The Boy Merlin. 5.15 Emmerdale Farm.

5.45 News
6.00 Thames at Six
6.35 Crossroads
7.00 Kenny Everett Video Show
7.30 Coronation Street
8.00 World in Action
9.00 Election Broadcast by the Conservative Party
9.10 Turtle's Progress
10.10 News at Ten
10.50 Monday Thriller: James Garner in "They Only Kill Their Masters"
12.35 pm Close: A letter by Beethoven read by Robin Scobey

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 My Six Convicts (film) starring Millard Mitchell. 5.15 University Challenge. 6.00 About Anglia. 10.50 Campaign. 11.20 Fantasy Island. 12.15 am Living and Growing. 12.45 Reflection.

ATV

1.20 pm ATV Newsdesk. 5.15 Give Us A Clue. 6.00 ATV Today. 10.50 Dan August. 11.50 Something Different.

BORDER

1.20 pm Border News. 2.00 Houseparty. 2.25 Tight Spot (film) with Ginger Rogers and Edward G. Robinson. 5.15 University Challenge. 6.00 Lookaround. 8.00 The Granada 500 Meet The Three Party Leaders. 10.50 Swat Squad (film) with Steve Forrest. 12.30 Border News.

CHANNEL

1.18 pm Channel News. 2.25 Matinee: Affair in Trinidad. 5.15 University Challenge. 6.00 Channel News. 6.10 Untamed World. 9.00 Encore. 10.48 Channel News. 10.55 Catch '79. 11.25 Adams of Eagle Lake. 12.20 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 Grampian News. 5.15 University Challenge. 6.00 Grampian Today. 6.05 Cattle Ranch. 6.25 Election Broadcast by the SNP. †10.50 "McQ" (film) starring John Wayne. 12.35 Reflections. 12.40 Grampian Headlines.

GRANADA

1.20 pm Cartoon. 2.25 "Unwed Father" (film) with Joseph Bottoms. 3.50 Window on the World. 5.10 Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 10.50 "Tarantula" (film) with John Agar.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.25 Report Wales. 6.50 Election Broadcast by Plaid Cymru. 10.55 Westside Medical (TV film) with James Sloyan.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion. 2.00-2.25 Hamdden. 2.25-3.20 After Noon Plus. 6.00-6.25 Y Dydd. 10.55-11.40 Yr Wythnos. 11.40-12.40 Celebrity Concert.

HTV West—As HTV General Service except: 10.13-10.28 am A Place to Live. 1.20 pm Report West. 6.25 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 2.25 Three Coins in a Fountain (film) with Clifton Webb. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.25 Election Broadcast by the Scottish National Party. 6.35 Crimedesk. 6.45 Sounds of The Settlers. 10.50 Late Call. 10.55 McMillan.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 The World In His Arms (film) starring Gregory Peck. 5.15 Betty Boop. 6.00 Day by Day. 10.50 Southern News. 10.55 Music in Camera. 11.40 Police Surgeon. 12.05 am Farm Progress.

TYNE TEES

9.25 am The Good Word. 1.20 pm North East News and Lookaround. 2.25 Three Coins in the Fountain (film) starring Clifton Webb. 5.15 University Challenge. 6.00 Northern Life. 8.00 Chalk and Cheese. 10.40 S.W.A.T. 12.35 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 The Shape of Things to Come. 2.50 The Friends of Man. 4.18 Ulster News. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.50 Richie Brocklemon. 11.45 Bedtime.

WESTWARD

12.27 pm Gus Honeybun. 1.20 pm Westward News. 2.25 Affair in Trinidad (film) with Rita Hayworth. 5.15 University Challenge. 6.00 Westward Diary. 10.52 Westward News. 10.56 Catch '79. 11.25 Adams of Eagle Lake (TV film). 12.20 Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 2.25 Monday Matinee: Trottie True (film) with Jean Kent. 4.15 Cartoon. 5.15 University Challenge. 6.00 Calendar. 10.50 Case for the Defence (film) with John Hemblin.

(S) Stereophonic broadcast
‡Medium Wave

RADIO 1

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Stayin' Alive. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary; weather. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S). 6.40 Election Broadcast by The Conservative Party. 6.45 Sports Desk. 7.02 Music from the Movies (S). 7.30 Sports Desk. 7.33 Alan Dell. 9.02 Humphrey Lyttelton (S). 10.02 Pros and Cons. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Concert: Sibelius, Balakirev (S). 9.00 News. 9.05 This Week's Composers: The Court of Louis XIV (S). 9.40 Talking About Music (S). 10.10 Capricorn Ensemble Concert: Hindemith, Blomdahl (S). 11.00 London Voices Concert: Janacek, Connolly, Poulenc, Hold, Mew (S). 12.00 Two Prizewinners from the Geneva International Music Competition 1978 (S). 1.00 pm News. 1.05 BBC Concert: Bartok, Haydn (S). 2.05 Music for Organ (S). 2.45 Matinee Musicale (S). 3.45 New Records: Mozart, Britten (S). 4.55 Bandstand (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home. 7.10 Early Britten Records. 7.30 The Atkinson People (S). 8.00 Paul Dukas (S). 8.30 Rusty from Disuse. 8.50 Coull String Quartet Concert, part 1: Mozart, Schumann (S). 9.30 Interval Reading. 9.40 Concert, part 2: Shostakovich. 10.20 Building a Library (S). 11.25 Jazz in Britain (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.50 Election Broadcast by the Liberal Party. 9.00 News. 9.05 Election Call. 10.00 News. 10.05 Wildlife. 10.30 Service. 10.45 Story. 11.00 1979—The Year of the Child. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1979 (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 The Burkiss Way (S). 7.00 News. 7.05 The Archers. 7.20 From Our Own Correspondent. 7.45 The Monday Play (S). 9.15 The Five Senses. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.40 Conversation Piece. 11.05 Book at Bedtime. 11.20 The Financial World Tonight. 11.35 Election Platform. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 Vote for Me! 9.30 London Live. 12.03 Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Breakthrough. 10.30 Vote for Me! 11.00 Late Night London. From 12.00 midnight As Radio 2.

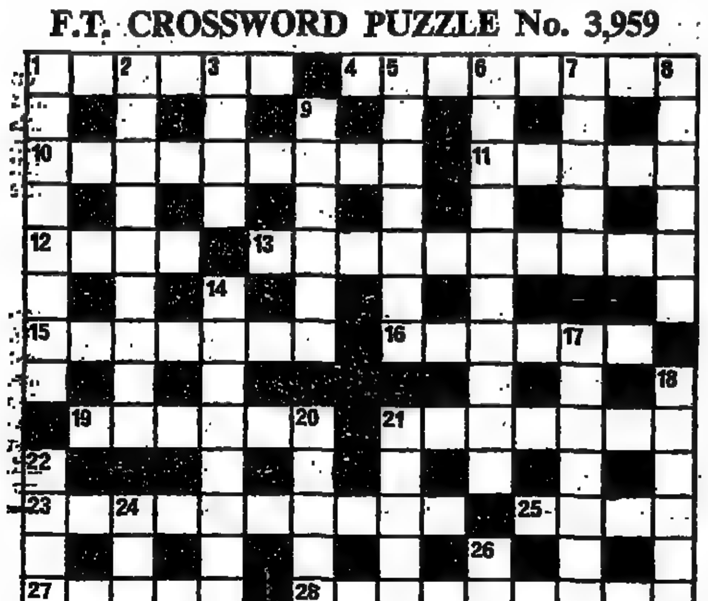
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00 pm. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Ric Davies' Election Special (S). 8.00 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,959



ACROSS

1 It's a business to get me to face a row (6)
4 Supporters find a job in beer (8)
10 Cried like the carpenter without bitter (4, 1, 4)
11 It's ruff about mother (5)
12 A national horse (4)
13 A noble purpose fine when camping (4, 6)
15 Guaranteed confident in the finish (7)
16 A little science gets the edge on an egg-head. That's the plan (6)
19 Silver coins from butters? They're about right (6)
21 Peace? Put that in your pipe (7)
23 It must be common for us to do what the young porker did (2, 2, 6)
25 An observance that is, we hear, correct (4)
27 A revolver to be found in the underworld (5)
28 Ran back to share the tale (9)
29 Troubled spots start to spread (8)
30 Sound forbearance in the river (6)

DOWN

1 Communications find a wise man in confusion (8)
2 The first World War brings him to mind (3, 6)
3 Finished up in a Dutch town (4)
5 Cuts about this period for processions (7)
6 Powerful influence in a fortress (9)
7 Subject from a Belgian town (5)
8 Thule's confused detective (6)
9 We have little time for this supporter (6)
14 They are said to think alike (5, 5)
17 Preserves if found among mothers (9)
18 Alfred's hiding-place (8)
20 Trap—for woodcocks? (7)
21 Fruit makes her go inside to weep (6)
22 Some GI may exhibit selfishness (6)
24 The stuff appears or it will shortly (5)
26 The fish for one to note (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

THEATRES

CINEMAS

THE ARTS

ENGLISH BACH FESTIVAL

Elizabeth Hall

Athaliah

by RONALD CRICHTON

On Friday the English Bach Festival returned to Handel's *Athaliah*, which they gave 15 years ago in the Sheldonian Theatre at Oxford, for which building it was written in 1733. Once again Sir Anthony Lewis conducted, using the edition he made for the earlier occasion. The performers were the EBF Baroque Orchestra and Singers; the capable soloists were headed by Eiddwen Harrhy as Athaliah. On paper all this promised well.

In fact it was slightly disappointing, one of those carefully prepared, well-intentioned occasions to which the adjectives "interesting" and "dull" apply about equally.

"The first great English oratorio," says Winton Dean of *Athaliah* which has a text by Samuel Humphreys based on Racine's tragedy *Athalie*. Even accepting the proposition that Racine into English won't go, the language of Humphreys is ordinary stuff. The role of the tyrannous Queen Athaliah, daughter of Ahab and Jezebel, is diminished. About the only verbal pleasures come from 18th century expressions which have become accidentally quaint—"blooming virgins" and so on. Handel's score on the other hand is full of striking ways of keeping the action moving; by combining soloists and chorus, by using short, vivid recitatives and (sometimes) short arias.

Yet this performance did not suggest that the music, however innovatory, is memorable *in Handel's great vein*. There is a feeling of being suspended in limbo between the styles of opera seria of which he had long been master and of English oratorio, hugely dramatic in different ways, in which he was to become supreme. There was a lack-lustre quality, a want of impact and brilliance, in this respectable rendering. Such a lack might not have counted in the Sheldonian (where the good but small chorus would, one imagines, have found it perfectly adequate in size) but the effect in the Elizabeth Hall was subdued.

The excellent Miss Harrhy delivered her big vengeance aria in Part 2 with icy precision. For the queen's short, but venomous outbursts in Part 3 she rightly avoided anachronistic 19th-century dramatic style, but the performance had not generated enough tension as a whole to make them fully effective.

The most consistently satisfying solo singing came from John York Skinner as Joad. Lillian Watson and Paul Hudson sang Josabeth and Abner adequately without arousing much interest in either character. Andrew Mantin was clear and accurate as the boy Joas. Brian Burrows, *though his tone was not ideally* clear or steady, made something of Mathan's curious, rather Ramellian last aria "Hark, his thunders round me roll." Small or not, the chorus filled out the eight-part harmony of "Give glory to his awful name" with the spaciousness the music deserves—here the choral and *instrumental textures* began to glow and sparkle.

Festival Hall

Lina Lalandi

by NICHOLAS KENYON

Miss Lalandi moves in a mysterious way her wonders to perform. Having assembled for her Festival Hall concert on Friday on large choir and orchestra, she proceeded to use them in only one work (Bach's *Magnificat*), clearing the stage in the second half and reducing the players to a chamber ensemble, in order to display once again the talents of the Festival Dancers. The unifying element in this mixture was to have been the conductor, Wolfgang Gönnenwein, but he was indisposed (an announcement which roused surprising passion in one vocal member of the audience); Andrew Parrott conducted the— ....

ducted the *Magnificat*, while the players were left to look after themselves in the smaller works.

Mr. Parrott might have been forgiven for playing safe and following his performers, but he is not a conductor to conduct anyone else's idea of a work, and this *Magnificat* was completely individual: sparklingly alive in its articulation, bouncing with rhythmic life, but relaxing in *the solo numbers* into a light-footed lyricism *which brought out* the most distinctive qualities of the baroque *instruments. Splendid to hear a* full band of 15 period-style *violins in this hall, sliding with* a cutting edge through the lines of "Et misericordia": a pity their precision was not matched on the whole by the conventionally-voiced soloists or by the commendably adventurous but insecure players of the slide trumpets. The youthful English Bach Festival Chorus sang crisply; unusually, the clear-voiced tenors and basses outsang their female counterparts.

The *Magnificat* was given with its four pretty Christmas interpolations, in the original key of E flat; this was the only unusual feature of a programme which was otherwise very popular. (Has the Festival lost its sense of adventure in the Bach repertoire?) The Festival Dancers illuminated the B minor Suite (with Stephen Preston as soloist/director): as in Monday's Handel, the dance slowed down the speeds of the movements to great effect, especially in the elegant Randeau and Polonaise. As for the Peasant Cantata, I thought the dancers quite misunderstood this piece of cultured-town-versus-rustic-country rivalry: they turned it into a jolly pastoral knees-up. *Fortunately* Lynda Russel and Richard Jackson sang with more appropriate vigour and force, and *John Toll co-ordinated the band* neatly. A bitty concert, though: it did not hang together well.

Council to buy theatre

The Key Theatre at Peterborough is to be bought by the city council, which plans to run it as a public amenity. The council thinks the cost will be about £90,000—the theatre's current debt. It hopes to recoup the money through its municipal lottery.

The 400-seat riverside theatre opened six years ago at a cost of £150,000 and was financed through grants and a public appeal. It has lost money in recent years despite cuts in operating costs.

Aldwych

The Taming of the Shrew

by B. A. YOUNG

Leonard Burt

Paola Dionisotti and Jonathan Pryce

Not all the characters in *The Shrew* are as mad as Petruchio and Katharina, but most of them carry eccentricity beyond the point where it would be tolerated in a normal society, and Michael Bogdanov, whose splendid production for the RSC now arrives for the *Aldwych* season, has been happy to join them. He gives more attention to the Induction than to any other scene in the play, beginning it in the auditorium and furnishing it with a fine classic décor (by Christopher Dyer) whose sole purpose is to be torn down by Christopher Sly like Samson at the festival of Dagon. Thereafter he pays even less attention to Christopher Sly than Shakespeare did, the only subsequent reference to the game played by the heart is in hunting pink being an offstage baying of hounds at the end of the evening.

Well, Christopher Sly is not of much importance. Mr. Bogdanov's Induction is, though, for it sets a mood of dotty excess that is maintained all the evening and ensures that we treat the brutal events of the main plot (not to mention Kate's final anti-feminist diatribe) only as jokes.

This Sly proves important for another reason, for he turns into Petruchio, stealing away from the Paduan citizens among whom he finds himself, to reappear later on a motor-bike, Grumio behind him on the pillion. Apart from a change of accent and a greater fidelity to Shakespeare's lines, Jonathan Pryce *retains* most of Sly in Petruchio, faintly suggesting that Sly dreams the whole thing. It is a marvellously funny performance, played in music-hall fashion with one eye on the audience and the other on the stage. Like much else in the evening, it goes to extremes; Petruchio's first wooing of Kate leads quickly to a wrestling-match, in which Kate defends herself pretty well before succumbing to a pinfall.

Paola Dionisotti makes the most of her commanding chin as Kate, yet softens into a gentle wife after the dreadful conditioning she has been subjected to in her early married life. Zoë Wanamaker, as her sister Bianca, has become tougher than she was at Stratford. She accepts advances from anyone who pleases her, but rejects anything else in a style ominously *prophetic of her sister's*. It must come from their mother, for Paul Brooke's Baptista is a courteous gentleman, even if he is too ready to turn to his electronic cash-register when discussing dowries.

The complexities of Bianca's *wooing*, with all *those* impersonations, give less room for *outright* farce, but nothing like romance is allowed to creep in. Mr. Bogdanov clearly believes that Shakespeare had his tongue in his cheek when he wrote that male-oriented conclusion. Petruchio's appeal to the audience, that if any of them knows a better way to curb a headstrong wife, "let him now speak," is followed by a pause of almost half a minute. (On Friday a low voice from the front of the stalls offered an inaudible suggestion. "No," said Petruchio, "it doesn't rhyme.") At the end, when we should all be won over by Kate's speech, Bianca and the Widow are obviously in the opposition camp still, and the men are concerned only with their wagers.

A good day for servants: David Suchet makes Grumio into a down-market Figaro or Sganarelle, and Allan Hendrick's Biondello bustles about, just as his Costard did last week, keeping his superiors in order. (This Biondello will grow up to be Malvolio). A small brass band, sometimes a single euphonium player, wanders in now and then with surrealist irrelevance; or more relevantly at such occasions as Kate's delayed wedding, where the anguish is amplified by a rainstorm.

There's no happier evening in London than this *Shrew*—unless it's *Love's Labours Lost* at the same address.

Wigmore Hall

Helena Döse by ELIZABETH FORBES

The Swedish soprano Helena Döse is well-known to British opera-goers for her appearances at Covent Garden and Glyndebourne, but Saturday night's Wigmore Master Concert was her first London recital. Her voice, a healthy lyric soprano, has sufficient vibrato to sound idiomatic in Italian music, but an emotional reserve *prevented* her Mimi from making its full impact. *In Mozart and Wagner* this reserve is barely discernible, while *on the concert platform* Miss Döse's winning manner spoke directly to her audience.

The *first half of her programme* was devoted to Scandinavian composers. Grieg's songs may contain more lyrical feeling than intellectual matter, but his settings of Ibsen's "With a Water Lilly" or Björnson's "The First Meeting" are in no way unworthy of the poems. They were sung with the requisite simplicity, as well as generous, burnished tone. The soprano's compatriot, Peterson Berger, three of whose folk-song arrangements came next, was a contemporary of Richard Strauss, but he inhabits a musical world that never progressed far beyond that of *Lohengrin*. *His songs* are immediately attractive and *the singer delivered them per*suasively.

With Sibelius we entered another, more sophisticated *dimension*. "*Was it a Dream?*" had the right touch of feyness, *while* "The Diamond" glittered brightly. In "Ingalill" and "Black Roses" Miss Döse employed her dramatic gifts to point the small-scale but heartfelt tragedy of the verses. After the interval, three songs by Pizzetti momentarily caused the curtain of reserve to descend again, though they were nicely sung.

For her final group of songs by Richard Strauss, the Swedish soprano produced a greater refinement of tone, as well as a more sculptured line than she had hitherto obtained. The springtime joy and ecstacy of songs such as "Befreit" and "Cäcilie," were admirably projected. Geoffrey Parsons, as always the model accompanist, also caught the rapturous mood of these Strauss settings. Having no need, with a singer just entering on her prime, for that exquisite tact with which he sometimes supports sopranos past their first youth, Mr. *Parsons treated himself—and* us—to playing that gleamed *with polished enthusiasm.*

London Festival Ballet for China

The London Festival Ballet will become the first Western balelt for 20 years to perform in China, with a season in Peking and Shanghai, a spokesman said. Artistic director Beryl Grey is taking 65 dancers.

The season opens in Peking on May 10 with "Giselle."

The Theatre Upstairs

Psy-Warriors

by B. A. YOUNG

In a world as full of terrorism and revolt as our distracted *globe, it is natural, and right*, that the young writers should *be obsessed with the problem of* military security. We are torn *between two* extremes: the public must be protected from *political violence*, yet on the other hand we think it hard to *accept the infliction of suffering* in its prevention.

David Leland's play has found a way of presenting the arguments on both sides with more or less equal force by imagining an Army psychiatric unit that trains Army volunteers to behave like guilty conspirators under interrogation, so that they will better understand terrorist psychology. The intelligent units, we meet in the theatre, in *Anchorman*, for example, and *Subjects for Interrogation*, tend to be unorthodox, and I confess that the *doings in* *Psy-Warriors* seem to me to belong, *mutatis mutandis*, as much to a boy's adventure yarn as to a serious inquiry into *human rights*. *At any rate*, this ensures close attention to the development *of events* and concern with their outcome.

Three volunteers are being interrogated about a bomb planted in an Aldershot pub. Whoever is running this project for military intelligence should be found another posting at once, for it is full of shortcomings. One volunteer, a sergeant in the Greenjackets, is notoriously talkative; one is a friend in private life of one of the interrogating officers. The insecure sergeant, after a course of sensory deprivation (illustrated by slides), has to be induced to sign a confession of recruiting mercenaries for Angola, so ensuring him a long spell in the nick. The loyalist *subaltern in the WRAC is* hardened in her hatred of terrorists. But a young infantry officer, who has been judged a complete success and ready to *go out and work with an underground unit* in the Gulf States, packs in his commission as the final curtain falls.

Of course, if the play went on for a further half hour, we should see him in sensory deprivation as well, until he was brought to heel, for it would be unthinkable to set him free if he disapproved of the whole business. As I said, though, this may be regarded as a moral tale rather than a slice of life.

It is nicely played by the company, who hail from the Sheffield Crucible and are directed by the author on a chilling set by Jim Clay. I found the characteristics of some of the psyches a bit wobbly now and then. Perhaps, like me, they couldn't always believe in *what they were doing*.

BBC 2/Radio 3

Khovanshchina by DAVID MURRAY

On Saturday evening, the BBC brought us the Bolshoi Opera in full *cry for* the penultimate evening of the splendid Opera Month. For Mussorgsky's *Khovanschchina* the Bolshoi had assembled an imposing cast photographed in sumptuous costumes against grimly sub-naturalistic, ineptly lit sets. The construction of the oeraa resembles nothing except Mussorghsky's own *Boris*; it does not sprawl, but it may easily seem to, and the Bolshoi production gave it no assistance.

The Western conception of a producer's function in focussing and clarifying the dramatic shape of an opera has evidently not taken root in Moscow. Nor, for the most part, did the singer's histrionics exceed the limits of routine operatic semiphone (though they undertook them with fine eye-rolling intensity), a pity in an opera that was meant to eschew conventional theatricals, aiming instead at an almost Brechtian loving detachment.

What we saw missed both the accelerating sweep *of momentous* historic events in the long view, *and on the personal scale* the sharply selected details of character.

The trouble seems to be that *the Bolshoi treats Khovanschina* as a classic, an old-fashioned but honoured national epic, to be accorded the stage pageantry *standard for Grand Opera*. If they recognise it as a revolutionary work, it is only on the level of theoretical loyalties; no such insight informs their handling of Mussorgsky's richly imagined choruses, nor the exact, quirky vignettes of his protagonists. It was the more impressive the Evgeny Nesterenko as the fanatic leader of the Old Believers, given nothing more to do than walk on, sing (magnificently) and walk off, should have conveyed so much cold, visionary passion, and further suggestions of secret canniness and watchful sympathy.

Nesterenko's fastidious line made a difference; Alexander Vedernikov's ripe Khovansky was a broader sketch, like V. I. Romanovsky's Shaklovity, though in the simple terms of this staging they both carried due impressive weight. The tenor roles, Prince Golitsyn and the distracted Khovansky son were forthrightly attacked by E. T. Raikov and G. Y. Andryushenko; Irina Arkhipova made a strong, mature Marfa, too implacably presented to call up the ambiguous sympathy she should invite, and so denying the opera some of its emotional power. One was grateful to have seen it, all the same. Some of the duologues achieved a creditable grip; the score gained from the Bolshoi's excellent lower strings, far superior to those of most opera houses; and the full-blooded choral sound was properly stirring.

Wigmore Hall

Rosemary Brown

by DAVID MURRAY

There may be readers who haven't heard of Mrs. Brown. She is a widowed housewife who writes down pieces of music at her piano, with only rudimentary musical training. These pieces recreate the styles of *various composers, all of them* well-known and dead. The question of Mrs. Brown's musical literacy aside, two things make *this enterprise remarkable*—when taken together; neither would be extraordinary in itself.

One is that she believes herself to be writing from dictation given directly to her by the composers themselves; the other is that the pieces often capture the tone, and indeed the keyboard manner, of their putative composers extremely faithfully.

Her *output includes* some small works that might be *accepted, if found in* some plausible place, as obviously *authentic*.

On Saturday afternoon, Mrs. Brown introduced a recital by Timothy Carey of "recently received works by Beethoven, Chopin, Brahms, Schubert, Rakhmaninov and Liszt." It should be said that hardly any of the music develops the later styles of the composers in question, though there is a curious "Grubelei" which really might be late Liszt; usually the manner echoed is *that of an earlier, more familiar* period of the composer's work. That was again true of the most recent composition in the *recital, a "Beethoven"* Sonata in D flat (not a key much explored by Beethoven when he was alive). Here it was harder *to ignore what is characteristic* of most of Mrs. Brown's longer exercises: The *extreme naivety* and or crudity or both, of the formal construction.

Halle to perform Fireworks Music from a raft

The Halle Orchestra have agreed to perform Handel's Music for the Royal Fireworks from a raft on a lake at Sudbury Hall, on the Derbyshire-Staffordshire border, during a fireworks display.

Mr. Gordon Clark, director of the Arts Society at Abbotsholme Public School, Staffordshire, where he is a master, said that the excavator firm of J. C. Bamford at nearby Rocester, Staffs., who were sponsoring the concert, had built the 50 ft x 50 ft raft, which would be tried on water next week by 100 boys and girls from the school. Mr. Clark said: "We believe this will be the first time that a world-famous orchestra has performed floating on a lake. They have quite readily agreed to the idea. Life is so dull these days that we thought we would do something spectacular."

The raft will be floated on oil drums, for the concert on May 31, *between 8 p.m.* and 10.30 p.m. About 2,000 tickets have already been sold and Mr. Clark said: "We expect to sell the remaining 300 tickets quite easily."

Silver medal for Darwin series

Two BBC television series took Royal Television Society awards in London last night. The *society's silver medal* went to Bryan Magee for his BBC 2 *series Men of Ideas, and* to Christopher Ralling for his BBC 2 series The Voyage of Charles Darwin.

Other awards: Best performance—*Ian Holm, as J. M.* Barrie in the BBC trilogy Lost *Boys. Most original programme*, ITV's Kenny Everett Video Show. Best design, Barry Newbery for Lost Boys. The Lost Boys series won a third award, best writer for Andrew Birkin.

RUGBY BY PETER ROBBINS

Radical change brings problems

THE PAST 20 years have seen tremendous changes in the laws of Rugby Football and as a result the style of the game has changed quite radically.

There are, unmistakably, *more chances to* attack and more space to use than ever before and *so there are wider* opportunities.

When we talk about the game we do not just mean the activity of 30 men for 80 minutes on a Saturday afternoon. We must also consider the traditions and the whole ethos because although many advantages have accrued from the spread of and enthusiasm for the game, progress has brought its problems.

My views on the growing violence in Rugby are well known, *but I also worry about* such things as poor crowd behaviour. It is extraordinary that even the Scottish Rugby Union has had to make a programme appeals this season for silence when kicks at goal were being taken. Cardiff Arms Park used to be well mannered but is no longer.

I also find it quite sickening that players throw their clenched fist to the sky after scoring a try. The picture of J. P. R. Williams on the balcony at Cardiff after the Welsh victory over England, arms raised like some Messiah, seems to me to be totally lacking in dignity and quite alien to the spirit of the game.

It took time for sponsorship to be accepted by the establishment and *rugby's* administrators move cautiously in this *field*.

Obviously any company investing money in sport *wants a say* in how and where is is spent, but thankfully those companies who provide rugby sponsorship have been sensible enough to be guided by those they sustain.

The Rugby Football Union has cause to be grateful to several bodies, notably the clearing banks, for their support in producing important coaching pamphlets and the like.

But John Player was the first major sponsor of Rugby in England. Their *money goes* directly to the clubs in increasing *ratio as the club* progresses in the competition. This year the reserve fund receives £6,700. With the Bowring group giving vital and *general* support to the Varsity match, English Rugby *seems well sponsored*.

It was, therefore, as pleasant surprise to find that Thorn was putting £180,000 over the next three years into the county championship. At first sight this seemed the wrong area to invest in because many believe that that competition is an anachronism. However, I understand *that the objective is for* counties to release other funds at *their level for other wider* schemes.

Of course every sponsor wants to see his particular event a national success and it can be safely said that Schweppes has a winner in its support of the WRU Cup.

It has put in £80,000 over three years and has merely asked that as wide an area as players should benefit and especially the young. On Saturday, Bridgend and Pontypridd played to a full house with Bridgend winning an absorbing game 18-12.

The occasion highlighted the great *depth of talent* the Welsh have. Both sets of half-backs were *skilful enough to* put any of them into an English jersey and the play of the Bridgend scrum-half, Gerald Williams, was most impressive.

Admittedly, Pontypridd kicked rather poorly but Williams was always there to cover and launch a counter-attack. The Bridgend passing was also crisper than anything seen at Twickenham and, of course, there was also Fenwick's boot to stress the necessity of that particular skill. What a great asset he is to his club and country.

Bridgend also had in Viv Jenkins, their *left-wing*, their quickest and most adventurous man on the *field*. *They also had* the marvellous support from their flankers Jones and Gareth Williams. This pair also extinguished any Pontypridd attack and in a match between two fluent ball playing sides the struggle between the two back rows was crucial. Seldon and David were heroic for Pontypridd and were a great threat when their side rallied late in the game. Unlike Moseley, Bridgend had done enough and had enough defence left to thwart Pontypridd and so to round off their centenary year in the best possible way.

SOCCER BY TREVOR BAILEY

Palace hit form at the right moment

THEIR 2—0 victory over Notts County at Selhurst Park on Saturday, combined with the *fact that only Brighton of* the four other contenders secured a win *from a home fixture*, has bolstered Crystal Palace's *chances of promotion* just when it was beginning to look as if this young and *comparatively* inexperienced side would have to wait another season for First Division football.

Although at the moment occupying fourth place in the table, they have a game in hand over the three other contenders, while West Ham, in fifth spot, have virtually dropped out of the race. This *means* that two wins would leave them undisputed champions, and three points guarantee their going up whatever *happens to* the others.

It is now up to Palace, with the *big threat not* coming so much from Orient and Burnley *whom they have to meet* but from themselves, because they are *inclined to* panic under pressure and turn to physical effort, *instead of football* for salvation.

After a nervous start Palace took an early lead when the gifted Hilaire delicately infiltrated the County defence before providing Swindlehurst with a perfectly weighted pass from which he scored with a splendid shot on the turn. The home supporters roared their approval and then, until the rampaging Murphy put the issue beyond doubt, with a spectacular shot in the closing *minutes*, spent what must have been for them, just about the most entertaining, exciting and nerve-racking afternoon of the entire season.

A goal down, the visitors superbly promoted by *Masson* in midfield, set out to level accounts and were unluckly not to do so in the first half. They produced much fine creative play in which they hit the bar, a post, and exposed many chinks in the Palace rearguard.

After the interval Palace took command and created no fewer than 10 genuine scoring chances, before their efforts were finally rewarded near the end. When a *team* enjoys so much of the game, but is unable to turn the *constant* pressure into goals there is always a danger of being caught out by a quick counter-attack and this nearly occurred on several occasions.

Crystal Palace are interesting to watch, with a positive, attractive style, and several outstanding young players. The three who caught the eye and imagination were a full-back, a half-back and a forward, which is most encouraging for any team *seeking that* balance in all department's which is so essential. *Sansom is already one* the best attacking left-backs in the country. *Built low to the* ground, but on broad lines, like so many great scrum-halves, he has speed, tenacity, skill and is very hard to dispossess.

Totally involved midfield players able to dribble past opponents and storm through from behind to score have been an important reason for Liverpool's success. Murphy, in his first full season for Palace, has shown that he is fashioned in *that mould*.

Having a genius around should be the dream of every manager, but for many it has proved a nightmare, because slotting a player of exceptional individual ability into a team can be a problem, especially when his skills sometimes confuse his own side, almost as much as the opposition.

The talents of Duncan McKenzie have never been fully exploited, and Rodney Marsh ought to have had an even more distinguished career. Many *brilliant individuals have failed* to make any major impression after *a few rave notices*. With Terry Venables to guide him, Hilaire should escape that fate and could become a great footballer. This small coloured boy has the ability to beat an experienced defender from a standing start in a confined space.

If Palace make the *First Division*, they will need strengthening. This was very apparent on Saturday, when they not only missed too many chances, as they have indeed all season, but were not tight enough at the back, though they possess an excellent defensive record. One *imagines that their manager* will be looking out for a quality marksman, an industrious half-back with the ability to hit long as well as short passes, and additional cover for his rearguard.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Monday April 30 1979

An American enigma

IN THE last month, the U.S. business community has been puzzling over a remarkable spectacle. The Carter administration, previously known for a populist distrust of bankers, has been pressing for a further tightening of credit. The *Federal Reserve Board*, responsible for the monetary part of the fight against inflation, has been resisting until the past two or three days. Despite New York jokes suggesting that Mr. Blumenthal of the Treasury and Chairman Miller at the Fed have exchanged speech writers, the explanation is, in fact, quite simple: the Fed and the Treasury have had different readings of what is happening in the economy. They are not the only observers who are baffled.

Contradictory

The main indicators, if taken at face value, tell a contradictory story. The disturbing rise in the inflation rate, the persistently high demand for credit, and the current crisis over oil imports all suggest an economy which still urgently needs cooling, apparently confirming the Treasury view.

On the other hand, the most recent figures for national output show a sharp slowdown; and even if this were attributed to the harsh winter, the equally sharp slowdown in the growth of real consumer incomes is not promising for a recovery. The welcome improvement in the current account of the balance of payments and the improved standing of the dollar in currency markets also argue the Fed's case that the measures already taken since November 1 have been adequate. Monetarists, led by Professor Milton Friedman, have indeed begun to express concern about a possible overkill.

No outsider can possibly offer a firm judgment on a matter where the resident experts disagree so sharply; but there is no need to admit total defeat either. For the Americans, the aftermath of a sharp devaluation is a novelty; for us, it is more familiar.

An effective devaluation, supported by appropriate fiscal and credit policies, has two unambiguous effects: a transfer of real income from wages to profits, and a transfer of real resources into the balance of payments. These changes may involve a slowdown or a recession, especially if they are abrupt and if the economy is ill-prepared for them; but this is a probability, not a rational certainty.

The U.S. economy was well prepared, in a number of ways. First, industry has been well-placed for a slowdown; stock levels have not been allowed to rise, and investment has until recently been only too cautious. There has also been time to prepare for an orderly shift of resources into the balance of payments, especially by way of import substitution—led in many cases by new U.S. plants built by leading importers.

All this suggests that a slowdown in consumer demand, which seems inevitable at present, need not imply a recession in output: and revived investment demand, supported by improved profits, is a further helpful factor. So, on a smaller scale, is the growing boom in aircraft buying, to meet the demands of rising traffic and the need for improved fuel economy.

Dangers

There are still some very disquieting signs in the U.S. it is true. The wage outlook is likely to be sharply worse, after the Teamster's strike and the rise in domestic prices—though not so bad as it would have been had the Administration enacted its dangerous proposals for real-wage insurance. Energy shortages could be disruptive, and the continued, though slowing boom in consumer borrowing, especially on second mortgage, remains an inflationary threat.

On the whole, however, there seems a reasonable chance that the U.S. economy will for some time continue to perform better than most forecasts in real terms, with an improved balance of payments offset by a price performance far worse than Administration forecasts—now admitted to be over-optimistic. The main internal danger is monetary: the Fed appears to be losing control of the monetary system, and in a slack system, rising inflation could still provoke a flight from money. Externally, an improved U.S. balance of payments, on top of a rising OPEC surplus, could be sharply deflationary if other countries do not accommodate it in their policies.

It will be a final irony if the U.S., having exported inflation for four years, now exports its potential recession.

Problems in engineering

IN THE general enthusiasm for micro-processors and other forms of advanced electronics it is sometimes forgotten that the mechanical engineering industry, much of it producing fairly conventional plant and machinery, remains the bedrock of Britain's export performance. Last year it accounted for 18 per cent of UK exports. More important, the trade surplus in mechanical engineering was almost 60 per cent of the total surplus in manufacturing. The strength and competitiveness of this sector is of vital importance for the rest of the economy.

Thus the latest report the industry's short-term prospects, published last week by the Engineering Employers Federation, makes uncomfortable reading. The condition of the industry is far from healthy. The report notes that "the disappointingly small increase in industrial production in 1978 leaves the mechanical engineering industry with little or no benefit in its home market from the oil-induced economic boom," while the side-effect of North Sea oil—the strengthening of sterling—has made export business less profitable and more difficult to obtain.

Capacity

Despite the recovery in capital investment last year, which is expected to continue at a slower rate in 1979, demand for mechanical engineering products in the UK is still probably below the 1973 level. Most of the industry's customers are operating well within their capacity limits. Their investment seems to have been geared mainly to the essential replacement of plant and machinery whose renewal was deferred during the 1974-77 period when profitability and liquidity were at their lowest. Although there should be some bright spots, notably the large capital spending programmes at Ford and BL, the engineering industry expects investment to cease growing, and possibly to start falling back towards the end of this year.

Overseas the industry has had to cope with the virtual disappearance of the Iranian market, which had accounted for more than 3 per cent of UK mechanical engineering exports. Cutbacks in other Middle Eastern markets and in Nigeria have made matters worse. There are hopes that China may partially fill the gap, but except for a few sectors, such as mining machinery, most manufacturers are still waiting for Chinese inquiries to be turned into firm orders.

Deficit

Last year almost 80 per cent of the industry's trade surplus was accounted for by the Middle East and other developing countries. While this underlines the UK's dependence on continued free trade with those countries, it also reflects the relative lack of success within Western Europe, particularly the EEC. The UK trade balance with EEC countries in mechanical engineering products showed a rapidly increasing deficit during 1978. Export prospects this year should be better, particularly in Germany, but British sales on the continent still suffer from shortcomings in product quality and in marketing.

In the other major developed-country market, North America, there should be substantial opportunities for particular sectors of mechanical engineering. The high level of activity in the U.S. aerospace and motor industries should provide plenty of scope for makers of machine tools and components. But there is concern about the increasing price competitiveness of U.S.-based manufacturers—a concern that will be heightened if the U.S. economy moves into recession and the American engineering industry looks more aggressively for exports.

Home market

One of the tables published in last week's report shows estimates of recent changes in the volume of the industry's net sales, exports and imports. The only item which showed a volume increase between 1975 and 1978 was imports. The trade balance declined and although exports as proportion of sales were unchanged at 42 per cent, the share of imports in the home market rose from 26 per cent to 31 per cent. This erosion in the industry's home market position is less dramatic than in the case of passenger cars, but it is a disturbing symptom of declining competitiveness.

What really went wrong at Three Mile Island

By DAVID FISHLOCK, Science Editor

"I TELL YOU, I'm learning a lot. This is an education," Mr. Peter Bradford confessed to his four fellow commissioners on the U.S. Government's Nuclear Regulatory Commission (NRC) at one point in the long hours of discussion which followed the reactor accident on Three Mile Island, Pennsylvania. He spoke for them all. The transcripts of their discussions make plain that of the five regulators only their slight, silver-haired chairman, Dr. Joseph Hendrie, had any real understanding of how America's 145 electricity-making nuclear reactors work.

But as the men who, a few weeks ago, shut five U.S. reactors temporarily when their staff detected weaknesses in their earthquake resistance, they could scarcely reject the case for shutting down all Babcock and Wilcox reactors in the U.S. In the event, however, they are being closed voluntarily by the electricity industry, thus avoiding a difficult technical decision for the five commissioners.

Mr. Bradford, for instance, is no technical expert but a brilliant young lawyer, only 36, once an associate of Mr. Ralph Nader on consumer protection. He was appointed by President Carter to the NRC—broadly equivalent to Britain's Nuclear Installations Inspectorate—less than two years ago, to represent the "environmentalist" viewpoint. By the end of one of their many meetings Chairman Hendrie was joking: "Another couple of incidents and we'll have you ready for a licence in nuclear engineering."

The "incident" at what today is the world's most famous nuclear reactor began at precisely 4 am on March 28, when local residents were rudely awakened by a violent whistling. Not least of the ironies of the accident is the fact that this first squeal of anguish—as the electricity plant dumped excess steam through a safety valve—was almost the only tangible evidence of its agonies to the outside world.

In the fearful days which followed, the eerie silence of the stricken plant, the paucity of information from its owners, the charges and counter-charges of "foul-ups" between government safety officials, owners and manufacturers all encouraged the hundreds of worried reporters who gathered to draw upon the one vivid source of information available. This was the newly released Hollywood film *The China Syndrome*, starring Jane Fonda as a reporter who happens to be in a nuclear reactor's control room when it runs into difficulties. For a while the operators—led by Jack Lemmon as shift supervisor—are clearly nonplussed, then brought to the verge of panic by conflicting signals from the machine they revere.

Popular film

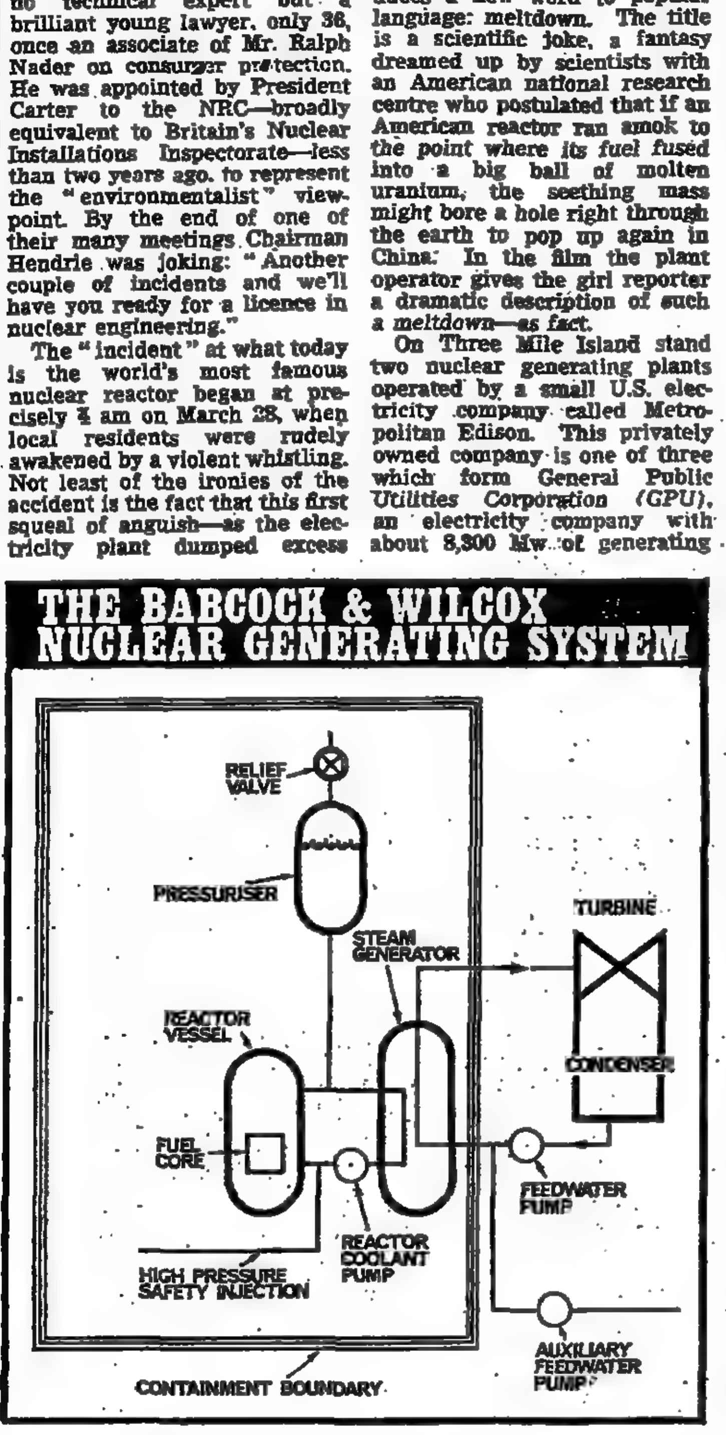
The China Syndrome introduces a new word to popular language: meltdown. The title is a scientific joke, a fantasy dreamed up by scientists with an American national research centre who postulated that if an American reactor ran amok to the point where its fuel fused into a big ball of molten uranium, the seething mass might bore a hole right through the earth to pop up again in China. In the film the plant operator gives the girl reporter a dramatic description of such a meltdown—as fact.

On Three Mile Island stand two nuclear generating plants operated by a small U.S. electricity company called Metropolitan Edison. This privately owned company is one of three which form General Public *Utilities Corporation (GPU)*, an electricity company with about 8,300 Mw of generating capacity—say, one-sixth of the capacity of Britain's Central Electricity Generating Board. *It serves about* 4m people and had the distinction in 1964 of being the first U.S. utility to order a big nuclear plant, the Oyster Creek station, brought into operation by another of its subsidiaries in 1969.

GPU is among America's most experienced nuclear operators. By the end of last year about 38 per cent of its generating capacity was nuclear. Its chairman and chief executive officer, Mr. William G. Kuhns, and its president and chief operating officer, Mr. Herman Dieckamp, are respected figures in the U.S. nuclear power industry. Its 1,000 nuclear employees have 17 years' experience of nuclear plant and 13 reactor-years of nuclear generation.

Unfortunately, it would seem that this corpus of nuclear experience was not spread uniformly throughout GPU. Mr. Dieckamp, formerly chief of a large nuclear engineering group, attempted before a Senate inquiry last week to put up a brave defence of the actions of Metropolitan Edison in an accident which, he admitted, must have a profound impact on the future of nuclear power. "If this accident is viewed simply as a matter of management or operator failure, the full significance of this experience will be lost." It was the result, he told Senator Gary Hart's committee on nuclear regulation, "of a complex combination of equipment malfunctions and human factors."

THE BABCOCK & WILCOX NUCLEAR GENERATING SYSTEM



Blue ribbon inquiry

For the last word on this matter we will have to wait at least until President Carter's "blue ribbon" inquiry commission reports in six months' time. Other major investigations are being made by the NRC and by the huge task force of 800 engineers and others assembled under Mr. Dieckamp himself to take care of the hapless reactor. The task force includes top-flight people from rivals of Babcock and Wilcox, such as Mr. Fred Stern, Combustion Engineering's "vice-president for doing things in one hell of a hurry," as he is described by Dr. Hendrie. Already enough has emerged to show starkly that grave errors were made in the control room.

From Mr. Dieckamp's own testimony it can be inferred that the operators probably made six serious errors—three of them within 15 minutes of the first sign of trouble. But the first, for which they may be in breach of their conditions of licence and thus open to legal action, was to have a crucial emergency feedwater valve closed which the safety officials stipulate must always remain open while the reactor is operatin. In fact, it had been closed for two weeks before the accident.

Then, in quick succession, they failed to recognise that the safety valve whose whistle first aroused local residents had failed to close properly, even though this was a fairly common occurrence with Babcock and Wilcox reactors. They failed to notice that water they were pumping into the reactor was overflowing into the containment, carrying with it radioactivity. And they turned off a pump whose job is to provide emergency cooling to the reactor.

In the next hour or two the operators failed to close a blocking valve, so the system continued to lose its cooling water. Steam built up in the cooling circuit so that, as one observer put it, "the pipes in the place were all vibrating like mad." Then the operators made what was probably their most serious blunder. They turned off the noisy, steam-clogged pumps, depriving the reactor of its main feed of coolant.

Mr. Dieckamp, who had evident difficulty in simplifying a highly complex sequence of events for his audience of politicians, coined a masterly euphemism to explain the over-riding consequence of all these errors. They led, he said, to "severe undercooling of the reactor core." In other words, the fuel became very much hotter than it is designed to operate.

Nuclear fuel in this type of reactor consists of pellets of a ceramic—uranium oxide—with very high melting point, packed *into long vertical tubes of zirconium* alloy. These tubes, hanging vertically in the reactor core, are the first of three lines of defence of the reactor against the escape of radio-activity into the atmosphere. The low coolant water level within the reactor allowed the upper ends of the zirconium tubes to come into contact with the hot, high-pressure steam circulating in the system. They reacted chemically, dissolved and allowed fuel pellets to be scattered around the reactor. This produced copious volumes of hydrogen gas, to form a big bubble which—unlike steam—could not be condensed back to liquid and pumped out of the reactor.

The problem here was never, as was widely reported, the danger of an explosion that might blow up the reactor vessel and breach the reactor's second line of defence against an escape of radio-activity. Such an explosion within the pressure vessel, the engineers later concluded, could not possibly occur. Their problem was how to bleed off a lot of hydrogen quickly from a system for which the contingency had never been expected, so that cooling could be fully restored.

Early last week Dr. Harold Denton, director of the NRC's office of nuclear reactor regulation, who had taken charge of emergency action to bring the reactor back under full control, left the Three Mile Island confident that there was no further danger. To local residents he became something of a folk hero—girls wear tee-shirts declaring "Harold Denton can fix my reactor any time." Asked whether people need be afraid to live near the reactor, he replied: "I'd rather live next to this plant than a coal plant."

But the efforts of the big task force under Mr. Dieckamp continue to make sure that the heat from residual radioactivity—some three megawatts, one-thousandth of that of the reactor at full power—cannot cause any further leaks of radioactivity. Then they must tackle the unpleasant task of repairing the damaged reactor core and replacing the steam generator (boiler) dried out in the accident. The steam generator has probably been irreperably damaged. But the reactor core, it is now believed, may be much less severely damaged than has been forecast, to judge from the way coolant water is able to circulate. There is no evidence that a meltdown of even one fuel assembly ever began.

Control room of Three Mile Island 2 nuclear plant with (from left) Dr. Harold Denton of the NRC and Pennsylvania Governor Richard Thornburgh briefing President Jimmy Carter on the reactor accident a week previously.

Not properly understood

Nevertheless, there was a strong case for closing—temporarily at least—all of the Babcock and Wilcox reactors. It was put last week to the five commissioners of the NRC by Dr. Denton, who said that the choice lay between shutting plants now, for one or more months, or finding remedial measures which could quickly be taken to avoid any risk. Requests to the nuclear industry to suggest remedial measures had had little success.

Dr. Denton's case for closing the plants rests on four points. First, the Babcock and Wilcox design of pressurised water reactor is more sensitive than rival designs of PWR to abberrations in the supply of water to its steam generators, that is, to the "transients" in feedwater supply which initiated the accident on Three Mile Island. Moreover, these transients have been occurring at a disturbingly high frequency in the nine U.S. plants of this type—an average of two per plant per year. Second, its control systems for both normal and emergency feedwater supplies have deficiencies; that is, they do not respond automatically to trouble.

Mr. Denton's third point is that plant response to transients in this design is not properly understood. In particular, the path for heat removal by natural circulation of water past the fuel is not well understood, especially when upset by the presence of a bubble of gas. And fourth, the safety precautions for Babcock and Wilcox reactors need to be brought up-to-date.

Altogether, nine U.S. reactors owned by five different utilities, are affected, totalling 7,200 MW of electrical capacity. They include both reactors on Three Mile Island, the first of which was about to return to service after refuelling when the accident happened, and was promptly shut down again by Metropolitan Edison.

For Metropolitan Edison there can be no doubt the situation looks bad. According to the annual report of GPU, just released, even before the accident top priority for the Board was to secure permission to increase electricity charges in order to cover the $700m capital cost of the new nuclear station, commissioned only last December. Permission was granted six days before the accident — then withdrawn three weeks later.

Electricity costs

Mr. William Kuhns, chairman of GPU, spelled out the problem to a Senate hearing last week. With two plants down it is buying electricity from other utilities at a cost of about $24m a month. But it is forbidden at present to pass any of this cost on to customers. If it is unable to pass on any of the cost of having these reactors out of action, the price to the utility could be a 20 per cent increase in the cost of its capital, he estimated.

For the U.S. nuclear industry as a whole the price could prove still harsher. Already there are signs that the accident has prompted the formation of a grand coalition of opponents to nuclear power, who plan to march on the White House next Sunday. In forecasting that the accident has set the U.S. nuclear industry back from one to three years, the Atomic Industrial Forum, the industry's trade association, may be taking an optimistic view.

MEN AND MATTERS

Island issue comes home to roost

"Good Lord, no. We're not campaigning against David Owen or anyone else," Grenville Jones told me in mildly horrified tones. All the same, the all-party Justice for the Banabans campaign—of which Jones is secretary—is fond of pointing out the marginality nature of Owen's seat in Plymouth (2,259 majority), and that of two other Foreign Office Ministers—Frank Judd in Portsmouth, with an edge of 1,345, and Evan Luard in Oxpord, with 1,036.

The treatment by successive British Governments of the Banaban Pacific islanders, whose homeland was wrecked by phosphate mining, might seem an election issue of marginal importance. But in a marginal seat even marginal issues signify.

And particularly in Plymouth and Portsmouth, there is strong support for the Banaban's case, in part because after the war the islanders contributed aid to help rebuild the war-damaged cities. (The debt was recently repaid by means of handsome civic contributions to the campaign.)

The Banabans are nearly all Methodists, and the Methodist Church, particularly strong in the West Country, has campaigned vociferously on their behalf.

The irony of the situation is that no-one would have heard of the Banabans had the present Lord Chancellor, then Sir Elwyn Jones QC, not issued a writ against the British Government: the case that followed was the longest in British legal history. A further irony is that the BBC film "Go Tell it to the Judge" which further publicised the story was made by Jenny Barraclough. Her husband Doctor Michael Barraclough is an old friend and neighbour of the Owens in fashionable Narrow Street, Stepney.

"They seem to have heard it all before, Prime Minister. There hasn't been a single call."

Whether this unlikely issue helps topple Owen remains to be seen. "Owen has been no better or worse over this issue than his predecessors," says Grenville Jones even-handedly.

Poles apart

A publisher in Poland is set to embark on a venture certain to raise eyebrows in more conservative Communist circles. Wydawnictwa Artystyczne i Filmowe (Artistic and Film Publishers) propose to reprint a 10-volume edition of the standard work on Polish coats of arms.

Totalling 5,000 pages in all, it was first put together by one Kasper Niesiecki in the 18th century — he called it "The Polish Crown in her Golden Liberties adorned by all the ancient coats of arms of the Sees, Provinces and the Knighthood." Which might sound an unpromising title for a bestseller, unless one reckons with the unusual market forces at work.

The Polish aristocracy and gentry were, of course, thoroughly democratised after the war, and have in theory stayed that way. Perhaps for just that reason, books on heraldry fetch astronomic prices at antiquarian auctions.

Sadly for the ex-nobles at home, there is little chance of domestic demand being fully satisfied. The pre-publication brochure being distributed in London shows that the project is also aimed at bringing in some much-need foreign currency . . . The non-democratised aristocracy in exile will no doubt appreciate the irony of it all as they leaf through the Communist-printed "Polish Crown in her Golden Liberties" to check the credentials of their dinner guests.

Yoked nest-eggs

Amid general acclaim for the measures to protect depositors enshrined in the new Banking Act, one paragraph has gone almost unnoticed: the Act excludes from protection deposits "paid to an institution by a person who at the time . . . is a director, controller or manager of the institution, or the wife, husband, son or daughter of such a person."

Depending on what "manager" is thought to mean, this phrase may cause a certain dismay among those who feel that, in the event of a crash, their private nest-eggs could be cracked to prepare a consolatory omelette for everyone else.

A trifle ambiguously, the Treasury says it appears that only the families of senior men, responsible for a bank's solvency, will be affected. "I doubt if an ordinary branch manager would need to worry," said a spokesman. "But certainly if a wife has any doubts she would be better off putting her money elsewhere."

Fairly absolutely

It would not be right to suppose that Robin Martin, who resigned on Thursday after 17 years as *chairman of the Tarmac group*, was sacked by the Board. "Absolutely not," according to the new chief executive Eric Pountain. So Martin will not be receiving compensation, having resigned voluntarily? Well, no. Compensation is being considered. "It's like a man on a building site," says Pountain. "If you make him redundant you have to pay him something."

Mission message

On the west coast of the U.S. there is at least one resident (whose letter I have in front of me) feeling somewhat baffled by the tones of an appeal from the Most Reverend Denis Hurley, the Catholic Archbishop of Durban in South Africa.

The appeal, in the form of a "personalised" mailing shot, seeks donations for a Zulu Mission. But also woven into the letter are some political statements; for example: "Well-meaning people in many countries feel that by imposing sanctions and withdrawing business interests they will influence a change of government in South Africa. Unfortunately, these actions cause suffering to those they wish to help . . ."

Although that is a point of view often expressed, I gather it is hardly one likely to come explicitly from Archbishop Hurley. His radical views have in their time provoked an attempt by a Right-wing Afrikaner group to petrol-bomb him.

He says that the U.S. appeal letter "*certainly does not* express a change of policy in the Church." In fact, I gather there are some red faces in the archbishop's secretariat: the letter was drafted, and his signature attached, without his knowledge.

Don't forget it

Heard from a woman to her small son at a London exhibition: "Now remember, Ian—if you get lost, come right back here."

هكذامن الأجمل

FINANCIAL TIMES SURVEY

Monday April 30 1979

Argentina

General Videla's two years of authoritarian rule since the 1976 coup have turned Argentina back from bankruptcy and encouraged financiers to flock to Buenos Aires as the country's financial strength surges. The problems that must be tackled now are the galloping inflation rate — the world's highest — and the bitter and violent political undercurrents.

Economy back on the rails

By
Hugh O'Shaughnessy

FOR THE past three years Argentina has been the darling of the world banking confraternity, and financiers have beaten a path to Buenos Aires, offering ever more mouthwatering terms for loans. Part of the reason for the flock of lenders was the extreme liquidity in the banking centres of the northern hemisphere, but a good part too was the fact that in the Argentine capital there was a group of people, led by one man Sr. Jose Alfredo Martinez de Hoz, with whom the bankers knew that they could talk.

Sr. Martinez de Hoz became the Minister of Economy and undisputed economic overlord of Argentina within a few days of the coup d'etat of 24 March, 1976 in which General Jorge Rafael Videla overthrew the crumbling, chaotic and discredited Government of General Peron's widow, President Maria Estela Martinez de Peron.

In the past three years he has had free rein to select his policies, and he has had some tremendous strokes of good luck. He has not had to worry about party political opposition or trade union pressure. General Videla put the parties and the unions in a muzzle.

The incoherent policies of a President who was constantly on the point of nervous hysteria and who was blessed with neither the force of personality nor the intellectual capacity to rule a country the size of Western Europe and a fractious population of more than 25m were done away with. General Videla put his trust in the orthodox economic liberalism of the Old Etonian Martinez de Hoz and protected him from the assaults of the critics even when these critics were to be found among the members of the military junta, who shared power with Videla.

The Economy Minister moved fast to capitalise on his own personal acceptance in foreign banking circles and on the relief felt by Argentina's creditors that the country's bankruptcy and inability to meet its most pressing international obligations were being taken in hand. In tours of the U.S. and Europe Martinez de Hoz bought time for Argentina to pay. He was helped by bumper harvests, which in 1976 gave Argentina a trade surplus of \$1.04bn, the following year one of \$1.5bn and last year \$2.4bn.

As a result of Sr Martinez de Hoz's good luck and good management, the days of bankruptcy are over and Argentina's international reserves are approaching \$7bn.

The turnround in the external position has been dramatic and is reflected in the favourable rate of the peso against the dollar, which makes Argentina one of the most expensive places in the world for a foreigner to live. Conversely what was a joke a year or so ago that only rich Argentines could spend their holidays in an Argentine resort such as Mar del Plata while the poorer Argentines were condemned to spend them in some inhospitable place like Miami or Cape Town has taken on reality. In the summer season just ending there has been tremendous demand for aircraft seats from Argentines eager to take advantage of the cheapness of the dollar.

In the internal sector General Videla and his minister have pushed through a set of measures aimed at controlling the inflation which in early 1973 was running at around 50 per cent a month, cutting the budget deficit and opening the highly protected Argentine economy to the winds of international competition.

President Videla: some tremendous strokes of good luck

The imposition of such policies has produced some curious results. Last year the gross national product fell by 4.1 per cent, and the fall in industrial production was around 7.9 per cent. But at the same time the financial sector boomed.

The recession has brought no great upsurge in unemployment, which today stands at only 1.8 per cent of the workforce according to official figures. The explanation appears to lie in the need of many of the more poorly paid to find one or two jobs at any cost and any wage, and in the decision of the military junta to avoid at all costs a pool of unemployed who could create political trouble for General Videla.

At the same time the rise in the cost of living, while not on the threshold of hyper-inflation such as was the case during the last days of the Peron Government, is still beating world records. Last year the official index of inflation was 169.8 per cent. Realists say it should more accurately have been put at around 220 per cent.

Gross fixed investment fell by no less than 10.7 per cent last year and there are few signs, if any, of new investment by private business.

The question is now being posed in Buenos Aires as to whether these results are sufficient fruit for years of authoritarian Government that General Videla has imposed on the country and whether there will not be a political reaction to the Videla-Martinez de Hoz scheme of things which will bring down the whole fragile edifice once again. The lack of any great commitment to invest by the private sector appears to suggest that many businessmen think that this is exactly what will happen.

As is the wont with most governments, the Argentine Government puts forward a very optimistic assessment about the future. One senior official argued to me earlier this month that the strong Videla-Martinez de Hoz axis would continue until 1981, when the General is expected to step down from office. He added that he expected General Roberto Viola, the army commander and Videla's man, to become President in 1981, Videla himself returning to power in the election in 1985. He argued, too, that the present administration was more popular than it seemed because the reform of interest rates gave the ordinary saver in the street a chance of benefiting from the positive exchange rate for the first time in a long while. The appearance of long-forgotten consumer imports in the shops was a benefit about which many Argentines were enthusiastic.

Divided

It is legitimate to have doubts about such optimism. In a country which is so highly politicised as Argentina and which has such a tradition of political instability, it is hard to take seriously political projections five years ahead. The political parties are certainly in no little disarray, the Peronists quarelling, adrift and disorganised, the Radicals divided and often unhappy with an ageing leadership, the Socialists and Communists with little mass support. After three years of control by the military, the trade unions are also in a divided and disorganised state.

Nevertheless, the political/trade union mixture is seen by many to be a powerful and explosive one. Leading generals have confessed that party politics cannot be banished forever, while Mr. Raul Castro, the U.S. Ambassador, has forecast that labour relations are going to be unsettled in the coming months. There are constant rumours that a general strike will be called very shortly.

At the same time there are signs of tensions among factions in the armed forces and among the armed forces themselves. The renewed spate of kidnappings, political murders and bank raids are seen by many as the work of the extreme Right. Meanwhile, the group of nationalist, anti-Jewish extremists who run the magazine Cabildo and other similar publications, appear to be enjoying protection from the highest levels of Government.

The fate of Sr. Jacob Timerman, discussed elsewhere in this survey, and of others who have suffered worse fates than his, seems to bear out the feeling that the Right-wing factions in government are gaining power.

What is clear is that three years of military rule have not brought any nearer that sense of political moderation and mutual respect that happier countries, such as Venezuela or Costa Rica, have developed. Under Videla, as under Peron and many other recent Presidents, Argentina is a rich highly educated country continuously rent by the bitterest strife.

Economic recovery makes good progress

TO JUDGE whether "the spirit of April 2," 1976 — the day Dr. José Alfredo Martinez de Hoz, Argentina's Economy Minister, announced his programme — still exists depends on one's viewpoint. If William Simon, U.S. Treasury Secretary under the Nixon and Ford administrations, is to be believed, the spirit is manifestly still with us. During a week-long stay in Argentina in March this year, Mr. Simon told a group of businessmen that Argentina "has made dramatic progress so far" in its economic recovery, adding: "You still have some way to go." Mr. Simon recalled that when Dr. Martinez de Hoz visited Washington in 1976 to explain his plans for Argentina's economic recovery, he (Mr. Simon) replied: "If I had the ability to adopt a programme in the U.S., this is the one I would adopt."

In Buenos Aires two months ago, Mr. Simon noted, correctly that in 1976, Argentina was "on the brink of bankruptcy," but that now the country "has a positive balance of payments and a strong financial position. . . . The path is the correct path." Last year Argentina registered a $2.4bn trade surplus, 61.4 per cent better than in 1977, and an all-time record. Exports were $6.35bn, or 12.3 per cent more than in 1977, and imports were $3.95bn, 5 per cent less than during the previous year. In March Dr. Martinez de Hoz announced: "The crisis is over. Freely available reserves total $6bn, compared with practically nil in March 1976, and all Central Bank foreign debts have been repaid." He said the recession was a thing of the past: "In fact, now the problem is one of not over-heating the economy."

David Rockefeller, president of the Chase Manhattan Bank, also visited Buenos Aires in March and, like Mr. Simon, spoke nothing but words of praise for "Dr. Joe," as the Economy Minister is often called.

Mr. Rockefeller told the Buenos Aires weekly Mercado, Argentina's leading business publication: "I believe that no better economic plan exists for Argentina. At this moment, Argentina has a surplus in its balance of payments, and that is an excellent card with which to do business with the whole world. Argentina has turned its economic situation around in a very short period of time." The Chase Manhattan Bank has a major share in the Banco Argentino de Comercio, recently investing more than $7m.

A dimmer view of the alleged successes of Dr. Martinez de Hoz's economic programme is taken by the Buenos Aires daily Clarin, which often champions the "developmentalist" policies of former (1958-62) President Arturo Frondizi against the liberal policies of Dr. Martinez de Hoz. In April, Clarin quoted with obvious satisfaction printed parts of a critical analysis carried in the March bulletin of FIDE, the Development Research Foundation. FIDE maintains that, "apart from the positive results which are not a consequence of a deliberate policy but of factors divorced from policy—such as the evolution of the world market price of meat or the starting of projects initiated several years ago in the industrial sector—the negative elements which impede the consolidation of a sustained recovery process remain immutable. Obviously, among these elements are the pressures of inflation."

Mr. Simon was not oblivious, of course, to the poisonous effects to the Argentine economy caused by inflation, which is the highest in the world—169.8 per cent last year—nor was Mr. Rockefeller, who said in Buenos Aires: "Certainly the rate of inflation is unacceptable."

At the time of the 1976 military coup d'etat in Argentina, inflation had reached an annual rate of 920 per cent and was threatening to rise much faster. And for the first time in its history, Argentina—with only $23m of freely available reserves—was about to default in its external payments.

The five salient points of Dr. Martinez de Hoz's economic programme, as he announced it on April 2, 1976, logically included the problem of inflation. At the time, the new economy minister said: "There exists no real possibility of reversing the crisis the economy of the country is suffering and of achieving the objectives of the programme if measures to control and eliminate the inflationary scourge are not taken with energy and decision." The economic team's inability to do better than it has in reducing inflation is a major disappointment.

Also a disappointment has been the failure to comply with another of the important guidelines of the economic programme. As Dr. Martinez de Hoz put it more than three years ago: "It is preferably that there be an uninterrupted and constant growth (of the gross national product), even if it is, at times, not too spectacular. What is bad are ups and downs." An idle installed productive capacity amounts to the squandering of capital, the Economy Minister explained. But, although there was an upsurge of the gross national product after the 1976 coup, an upsurge which lasted for more than a year with an interest rates crisis at the end of 1977, it began to plunge again and now is scarcely higher than it was three years ago. The wasteful ups and downs continue.

The architect of Argentina's economic revival: Dr. Jose Alfredo Martinez de Hoz

The economic team has had more success in carrying out the other three leading aims of Dr. Martinez de Hoz's economic programme. Speculation and the black markets have virtually been made to disappear—although there is a tendency which really does not amount to speculation, to hold money supplies in the financial market, deposited at high interests, instead of making reproductive investments. Similarly, price and exchange controls have virtually disappeared, although ceiling prices of some items—milk, wine, steel, medicines—remain, and measures regulating foreign trade have been much relaxed. Although a lack of official statistics makes it impossible to verify whether wage levels really have been preserved, as Dr. Martinez de Hoz said they would be, it is possible that the economic team's claim that wages today, in real values, are on the average somewhat higher than they were in June, 1976 is true.

Thirty years ago, Argentina's economy was in advance of countries like Canada, Australia and Spain, and well ahead in Latin America. "What went wrong," Dr. Martinez de Hoz said the other day, "was a text-book closing of the frontiers—psychologically and literally—to world trade and participation. In the past three years, Argentina's economy has been emerging steadily from this strangling insularity and re-affirming its place in the world. But the process has to be gradual."

Closed

He went on to say that an entire generation of Argentine consumers, businessmen, industrialists and bankers have been brought up in a closed world of protectionism, massive state control and inflation bordering on hyper-inflation. "As we turn to a system in which market forces are allowed to apply themselves," he added, "the consumer has to learn that he has new rights, new influence and a voice which will be heard." The same goes for the manufacturer and retailer as well, Dr. Martinez de Hoz said: "They have to adopt to the rules of a new game in a system in which private enterprise is the motive force, with the Government's role one of supervision rather than of rigid control."

Then he emphasised again that his programme is a gradual one: "Recent Argentine history has been one of cycles of prosperity followed by periods of deep recession — or of long-term problems being solved by short-term solutions. We are determined to break out of that rhythm. The recovery plan adopted in March, 1976, had as its aim a far-reaching transformation of the basic political, economic and social framework. . . . The objectives of the economic plan are medium- and long-term, and short-term successes or difficulties have not swayed us from the long and ardous route we have chosen to take."

Robert Lindley

SOME ECONOMIC INDICATORS

GNP per capita $1,730 (1977 World Bank)

	1973	1974	1975	1976	1977	1978
Inflation, per cent		40.0	335.0	347.6	160.4	169.8
Unemployment, per cent, April		4.7	3.2	5.1	3.6	3.9
Oct.		3.1	3.5	4.3	2.5	2.6
Output						
Growth in gdp, per cent	6.1	6.5	−1.3	−2.9	4.4	
Growth in gnp, per cent	6.4	6.8	−1.5	−3.3	4.8	−4.1
Trade, $bn						
Exports (fob)	3.27	3.93	3.00	3.9	5.6	6.4
Imports (cif)	2.23	3.64	3.99	2.86	4.1	4.0
Balance	1.04	0.29	−0.99	1.04	1.5	2.4
Net invisibles	−0.32	−0.17	−0.30	−0.47	−0.3	−0.3
Current account balance	0.72	0.13	−1.29	0.57	1.2	2.1

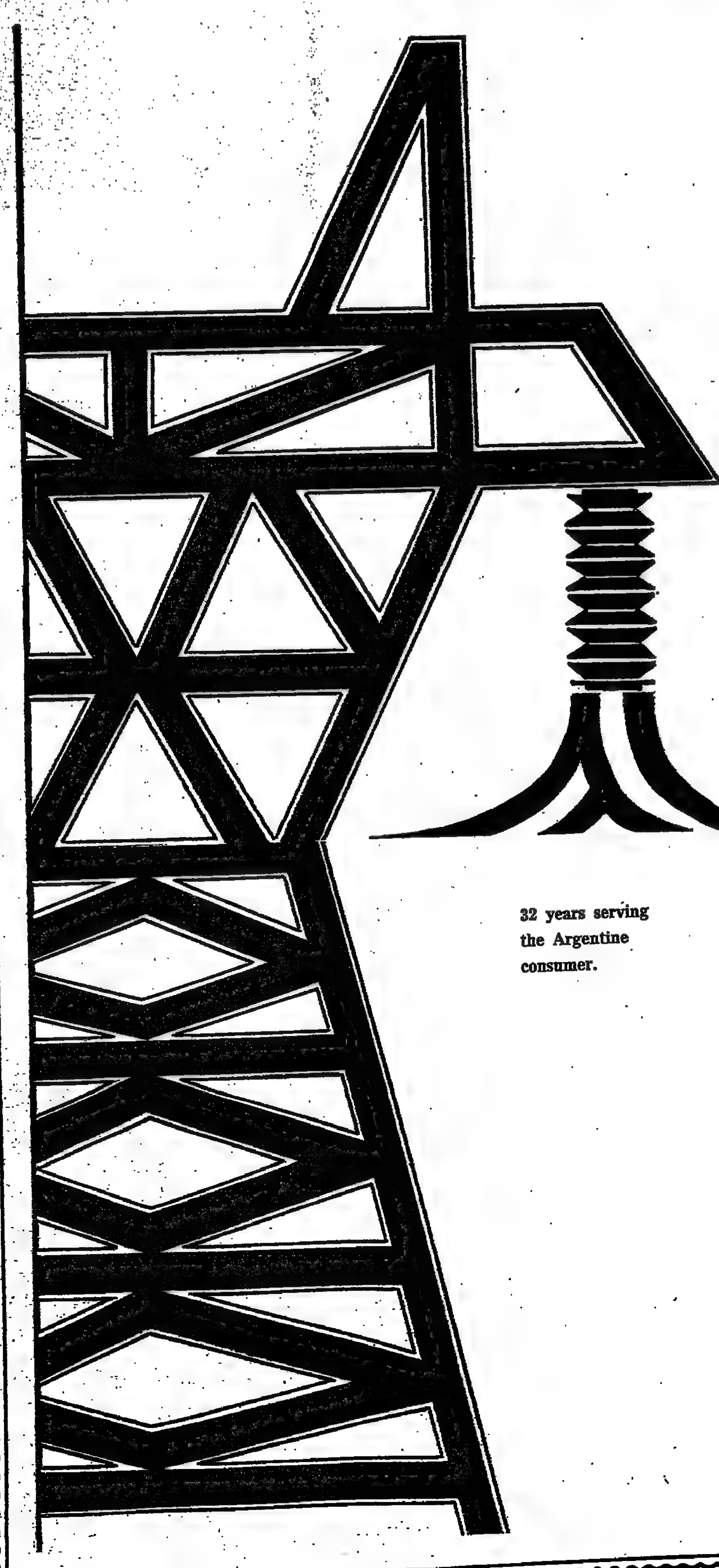
Rate of exchange (at March 1, 1979): U.S.$1=1,103 pesos (buying), 1,110 pesos (selling) (Transfers: Banco de la Nacion).

Fishing boats at Mar del Plata

WATER AND POWER FOR THE ARGENTINE

(AGUA y ENERGIA ELECTRICA)

Agua y Energía Eléctrica, as a decentralized Government Corporation, is responsible for the Generation, Distribution and Transmission of electricity throughout Argentina, as well as the irrigation of land throughout the country. In terms of sales, A y EE ranks among the twelve leading industrial companies in Argentina. Its 294 electricity plants (37 hydro, 241 thermal, and 16 hydro-thermal) have an installed capacity of 3,211 Mw, which represents 31.6% of Argentina's total installed capacity. It serves 8 regions (1,076 cities) in 21 of the 22 provinces into which the country is divided, and includes most of the provincial capitals. The Company operates 26,097 miles of transmission lines (low and high voltage). In addition, it is responsible for the irrigation of nearly 741,300 acres of land in seven provinces. Agua y Energía Eléctrica is in charge of the operation and expansion of the power sector as a whole in co-ordination with the Energy Secretariat, and as such, is responsible for the management and operation of a substantial part of the National Grid (Sistema Nacional de Interconexión) as well as monitoring the National Load Dispatching System (Despacho Nacional de Cargas). The main objective governing this function is to allow the optimal use of generating capacity within the Grid through a co-ordination of the different utilities in the energy sector so as to achieve the most economical loading of the country's generating and transmission system.



32 years serving the Argentine consumer.

THE MAJOR OBJECTIVES

Of Ay-EE's Board at present could be spelled out as: the feasibility studies, construction, management and development of irrigation projects, protection of waterways and improvement of marginal areas of the country, as well as improvements to areas susceptible to flooding; the evaluation of water resources and rivers as regards their irrigation and energy potential; the study, development, construction and management of electrical generating plants, transform stations, main transmission lines and local transmission networks as well as the purchase and sale of electrical energy between the various electric and atomic national, provincial and bi-national utilities.

On December 28, 1977, AyEE was transformed into a decentralized Government Corporation (Sociedad de l' Estado) with the Argentine Republic as the sole shareholder. Its new status will provide the legal foundation for eventual operative and financial independence from central government policy, as well as permitting an improvement in its overall performance. As was true in its role as a Government Agency, AyEE will not be allowed to go bankrupt and its final liquidation as a Company can only be proposed and implemented by the Argentine Government. During the period 1966-1977, AyEE's total installed capacity and energy generation grew at average annual rates of 6.8% and 9.7% respectively. The average annual growth rate of AyEE's thermal generating facilities during this period was 7.2% while the comparable rate for hydro-electric generating facilities was only 5.8%. Studies and projects under way at present tend to maximize the development of the hydro-electric resources as a trend towards change in the output pattern and with a view to minimising any possible dependence on the utilization of oil.

The Company has the responsibility for operating and managing the National Electric Grid which includes the purchase and sale of electricity to and from the various Utility companies which are members of the Grid, as well as the management and consolidation of the National Centralized Load Dispatching System's (NCLDS) operational policy, in accordance with guidelines to be established by the Energy Secretariat, which has stipulated that: the operation of all Electrical Utilities involved in the inter-connected Grid would be regulated by a Centralized Load Dispatching System (NCLDS) and co-ordinated through AyEE. In addition to its activities in the field of Electrical Energy, AyE is responsible for the Irrigation of nearly 741,300 acres located in the provinces of Jujuy, Catamarca, La Rioja, Santiago del Estero, Río Negro, Neuquén and Chubut. The Company also operates 143 miles of drainage canals in the provinces of Córdoba and Santa Fe which have been dug in order to protect 1,729,700 acres from flooding and which benefit over 500,000 people in these districts.

AyE's Irrigation system which represents 20% of the total irrigated areas of land in the country, includes the operation and maintenance of 2,485.5 miles of irrigation, drainage, and subsidiary canals.

Although AyE's Irrigation network covers only 4% of the country's farmland, these areas alone account for 30% of Argentina's agricultural output. Similarly, the population density in the irrigated areas is of 78 inhabitants /per square mile—as compared with—eight inhabitants/ per square mile—in the non-irrigated areas.

INVESTMENT PROGRAMME

Programmes are currently under way which envisage the completion of Electric generation and transmission work, in accordance with the provisions of the National Investment Plan for 1977-85 as also with the plans for the development of the National Grid. Furthermore, the above also includes plans referring to regional Electric and Irrigation systems under the control of AyE. To illustrate the point, it should be noted that the National Investment Programme for 1978-85 totals 4.5 billion dollars.

A revised Power Expansion Plan, based on a low-cost programme for expanding generating and transmission facilities, is being prepared by the Government. The Government intends to reorganize the Energy sector to achieve a more integrated long-range-planning and which will encourage the execution of those projects that represent the lowest-cost alternatives with which to meet Argentina's projected power needs. Attempts are being made to improve the financial health of the government Utility Companies through optimization of the quality of the projects which will be undertaken, and through the restructure of the present Tariff System.

Outstanding amongst the important projects currently under way, is the Paraná Medio (Middle Paraná) Hydroelectric Project, which is sited across the river Paraná and which will stretch for a total length of 372 miles all within Argentine Territory. The feasibility study for the project anticipates a yearly (mean) electric power output of 34,500 GWh from both low-head dams. It also includes a 21-foot depth navigation canal which is planned to be extended upstream (northwards) for 350 miles; levees for flood-control along the lowest banks for 145 miles; the reclaiming of 1,235,000 acres of currently floodable lands; the inter-communication by road across the dams; and the creation of a highly attractive centre for tourism and sporting amenities around the two great reservoirs which are to be formed as part of the construction of the project.

Other constructions already being undertaken are: the Agua del Toro, and Los Reyunos hydro-electric plants in Mendoza; the Río Grande hydro-electric plant in Córdoba; as also the San Nicolás, Sorrento B., Guemes, and Luján de Cuyo thermal plants.

To implement the above as well as other lesser projects, it will be necessary to count on the financial support which it is hoped will be extended by the major International Credit Banks.

AGUA Y ENERGA ELECTRICA
LAVALLE 1554
BUENOS AIRES 1325
ARGENTINA
TEL. NO.: 46-4530

Record grain harvests

ARGENTINA, ABOUT to default in its foreign debt payments when the military took over the Government on March 24, 1976, now has reserves of $6bn thanks in great part to its agriculture and livestock sectors. Cereal grains, especially wheat and corn, have been the largest hard currency earner.

Dr. Jose Alfredo Martinz-de Hoz, well aware of the urgency of the situation when to, took over as Economy Minister more than three years ago, saw cereals as the immediate saviour of the economy and was quick to give the producers a series of incentives to increase the area seeded. The most important of these incentives was the lifting of export taxes from all agriculture and livestock products, which meant that the producer received a full 80 per cent of the world market price for his produce.

The response was spectacular. The area seeded to wheat jumped from 5.8m hectares for the 1975-76 harvest to 7.2m hectares for the 1976-77 harvest, an increase of more than 23 per cent. There began a series of record grain harvests which averaged more than 30m tons annually. This has been the reality, even though the increased areas seeded to wheat has meant that smaller areas were seeded to other crops, especially corn.

The Argentine farmer has been helped out in these three years by climate and technology. These two elements, in addition to the Government's incentives, have made possible, in 1976-77, the country's biggest wheat harvest in its history, with the exception of that of 1964-65. The 10.5m tons of wheat harvested in the 1976-77 agricultural year were 33 per cent up on the previous harvest and 58 per cent more than the annual average during the 1971-1975 period. It was that 1976-77 wheat crop that started Argentina's economic comeback. The exportable surplus of 6m tons was worth about $900m.

It is perhaps surprising that, even though the areas seeded to corn and grain sorghum shrank because of the larger area devoted to wheat, these two crops also were record ones—8.3m tons and 6.6m tons, respectively. Jointly this was a 38 per cent increase over the 1975-1976 harvest of these two crops.

In 1977, Argentina began to suffer the effects of the record grain harvest the previous year in other producer countries. The surplus production brought down the price of wheat on the world market, with the result that the area seeded to wheat in Argentina for the 1977-78 harvest dropped to 4.6m hectares, well below the area of two years earlier. But the areas seeded to corn, and sorghum increased proportionately, so that the total volume of the 1977-78 harvest reached a very respectable 28.5m tons. It was the second largest grain harvest in the country's history, in spite of droughts alternating with excessive rains.

And, notwithstanding declining world prices, the area seeded to grains during this agricultural year again will surpass 20m hectares, and production is expected to better the record of 1976-77. Apparently the 30m ton annual barrier has been broken for good, the goal now being a 40m ton grain harvest. New seeds, new chemicals and more sophisticated farm machinery are bringing such a figure well within the realms of possibility.

There were 5.2m tons of wheat harvested during the 1978-79 agricultural year, a 10.9 per cent increase over the previous year, but bad weather has reduced the early expectations for the 1979-80 crop from 8m tons to less than 7m tons. If it is 6.8m tons, as the present calculations suggest, this would leave 2.7m tons for export, all of which have already been sold. Argentina needs 3.5m tons of wheat for home consumption annually and another 600,000 tons for seed.

Brighter

The outlook for corn, however, is much brighter. About 3.6m hectares were seeded to corn for this year's harvest — compared to 2.7m hectares last year — and this area is expected to yield 11m tons, 13.4 per cent more than the 9.7m tons harvest last year. A large area was seeded to corn this year because of the expectation of an improved world market price for corn, added to the massive introduction of hybrid seeds and new soil-culture techniques.

Last year, mainland China — long an importer of Argentine grain — signed a trade agreement with Argentina, among the provisos of which is the sale of 3m tons of Argentine grain to China by the end of 1981. It is estimated that China will purchase about 890,000 tons of grain from Argentina this year. At the invitation of the National Grain Board, a group of Chinese grain specialists visited Argentina in February and March to talk to the country's leading grain exporters, which include Bunge y Born, Cargill and Continental, and to leading Argentine officials, including Economy Minister Martinez de Hoz, who visited China last year.

Among the difficulties Argentina has in exporting grain is that many of its main customers for the commodity — notably China and the Soviet Union — are so far distant. This is a "comparative disadvantage" because the freight costs are so much lower from the United States and other producer countries in the northern hemisphere. For example, in the last week of February, the fob price of wheat in Buenos Aires was $128.75 per ton, compared to $143.25 in the Gulf of Mexico. This difference of $14.50 a ton left exporters with only 89.9 per cent of what exporters in the Gulf of Mexico received.

Another problem is that there are insufficient storage facilities for grain in Argentina. But this problem is on the way to being solved, or at least eased. By the end of 1979, there will be another 171,000 tons of storage capacity and by the end of 1980 a further 167,000 tons. The Banco de la Nación is offering a special line of credit for the purchase and construction of grain silos. The loans will finance 70-80 per cent of the investment and be repaid over a period of eight years, with two years of grace. They complement last year's loan of $105m by the Inter-American Development Bank for the construction of 24 silos with a capacity of 100,000 tons each. Also scheduled to start this year is the construction of 20 rural grain elevators with a capacity of 100,000 tons each. Investment in this project is about $300m.

Robert Lindley

Export problems for farm produce

AGRICULTURE, TO a far greater extent than the manufacturing industry, has been responsible for the sharp rise in Argentina's foreign earnings in the last three years—and fruit can take considerable credit for this.

This year's apple harvest, for example, is now in progress, and it is obvious already that it will be an all-time record one.

The estimate of the Secretariat of Livestock and Agriculture places the harvest at about 800,000 tons, which would be ten per cent larger than last year's apple harvest, or 23 per cent larger than the average over the last five years and 57 per cent larger than the average over the last decade.

This year, the Patagonian province of Rio Negro will produce 70 per cent or more of all the apples picked in the country, followed by the Andean provinces of Mendoza and Neuquen, with about 15 per cent and 12 per cent respectively. Thus, Argentina's apple production is all but totally concentrated in these three contiguous provinces. The contribution of Mendoza Province this year is significant inasmuch as it will be about 70 per cent greater than it was last year.

Argentina will have at least as many apples to export this year as it did in 1978. Both 1978 and 1977 were record apple export years for the country. Last year, Argentina exported 15.8m 21 kg boxes of apples to 14 countries.

But once again, Argentina may have difficulties in distributing its export surplus of apples. To place a box of apples, FOB, at Ingeniero White, a port near Buenos Aires, costs about $7, without counting the cost of the fruit which goes into the box. The FOB cost in South Africa, Argentina's main world competitor in exporting apples, is $5.25 FOB a slightly lighter box, but one including the cost of fruit.

Difficulty

Another difficulty will be that France and Italy had normal apple harvests during the 1978-1979 agricultural year after two years of low yields. Until recently, at any rate, the offers for Argentine Granny Smith apples — the most important variety which goes to the old world from here — from European importers had not risen above $11.75 the box, and the maritime freight for refrigerated apples is $4.30 from Argentina. This would not pay the fob costs for fruit including boxes placed in the port of Ingeniero White.

Moreover, on March 8 the EEC asked Argentina to reduce its apple exports for this year to 63,200 tons, which is 15 per cent less than the average of Argentina's annual apple exports to the EEC over the last three years. According to the EEC, this average was 74,360 tons.

This reduction would mean that Argentina would export about 2m fewer boxes of apples to the EEC countries this year than in 1978. Argentina's Ambassador to the EEC has lodged a formal complaint, terming the request "unacceptable." The Ambassadors of South Africa, Australia, New Zealand and Chile (all countries which also have been asked to limit their apple exports to the EEC this year) did the same.

It is reported that Argentina is hoping to see this "self-limitation" raised to 80,000 tons for the period beginning in April and ending on December 31 —although, because of the reversal of the seasons

CONTINUED ON NEXT PAGE

Livestock herds still decreasing

THE ARGENTINE livestock industry began a period of decline in 1974 which may not have spent itself yet. The most promising development for the industry locally is the recent *slight improvement in beef prices* on the world market, after four years of low prices and oversupply resulting from a cycle in which the main exporting countries were ridding themselves of their stocks on hand. For example, in the United States—the biggest market for beef in the world—the cattle population dropped from 132m in 1976 to 116m last year.

This process was so abrupt that the U.S. was obliged to allow increased imports of beef, and this automatically boosted Australian exports. Australia is the principal foreign supplier of unprocessed beef to the U.S. Argentina, because of the endemic foot-and-mouth disease among its cattle herds, is excluded from the lucrative U.S. market for all but processed beef.

As a consequence of the increased demand for imports by the U.S., Australia apparently is now obliged to replenish its depleted herds. And it would seem that New Zealand and Uruguay are doing so also. It is for this reason that Argentina's outlook for its beef exports in the middle term is fairly good: what with the reduced competition, and better prices, resulting from the necessity to retrench in these countries, by building up their herds again, Argentina seems certain to benefit on the world market. U.S. export prices have increased, and so have its import quotas for processed beef and other food products from Argentina.

According to the secretariat of commerce and international economic negotiations, the U.S. has agreed to give preferential treatment to imports of Argentine food products worth about $27m a year. The bilateral agreement, made at the meeting of GATT (General Agreement on Tariffs and Trade) in Geneva, includes tariff and non-tariff concessions for Argentine exports of canned meat, as well as certain cheeses, leather, articles made of fur, apricot paste and pulp and various manufactured items of animal origin.

And while Australia replenishes its cattle herds, and is only able to sell in markets which offer high prices and an assured import volume—such as the U.S., Canada and Japan—it may be forced to withdraw from the *marginal markets*—Africa and the Middle East—which are purchasers of Argentine beef. The new government in Iran has told Argentina that *it will keep up its beef imports.*

It is in the domestic market that the outlook for the Argentine meat industry continues to have problems. The low prices for the producer which *marked* the deterioration of the industry have now reached their lowest point, in real values, since 1975. As a result, the inclination of the producers is to liquidate their herds of cattle. There has been no livestock census in Argentina since 1977, but estimates, pessimistic ones, are that the cattle herds throughout the country have been depleted by between *4.5m* and 5.5m head in the last five years. In the province of Buenos Aires, which normally accounts for 38 per cent of Argentina's total cattle population, the depletion is said by *some to have been about 8 per* cent.

Exchange

Taking part of the blame for this decline in prices to the producer is the exchange policy *during the more than* three years of the Videla regime, a policy—say the Government's critics—of overvaluing the peso and therefore taking *away* the incentive *for* exporters by putting a ceiling on the increase in real prices. These critics disagree with the economic team's contention that real wages have been maintained, indeed probably slightly improved, since the 1976 coup d'etat. The result of this failure to maintain the level of real wages, they *say, has been* a reduction in the domestic consumption of beef and meat in general.

Indeed the real price paid to the producer for a steer fell by 42 per cent between 1973 and 1978 and for other types of cattle by an average of 45 per cent. In August, last year, the *real prices to the cattle* producers started to improve, which, while it has not ended the livestock industry's deterioration, is nevertheless heartening. *But it may not have* decided the producer to halt his wholesale selling of steers which are not fully grown, because his temptation is not *to risk a further decline in prices* after he has added a few more kilogrammes to his animals.

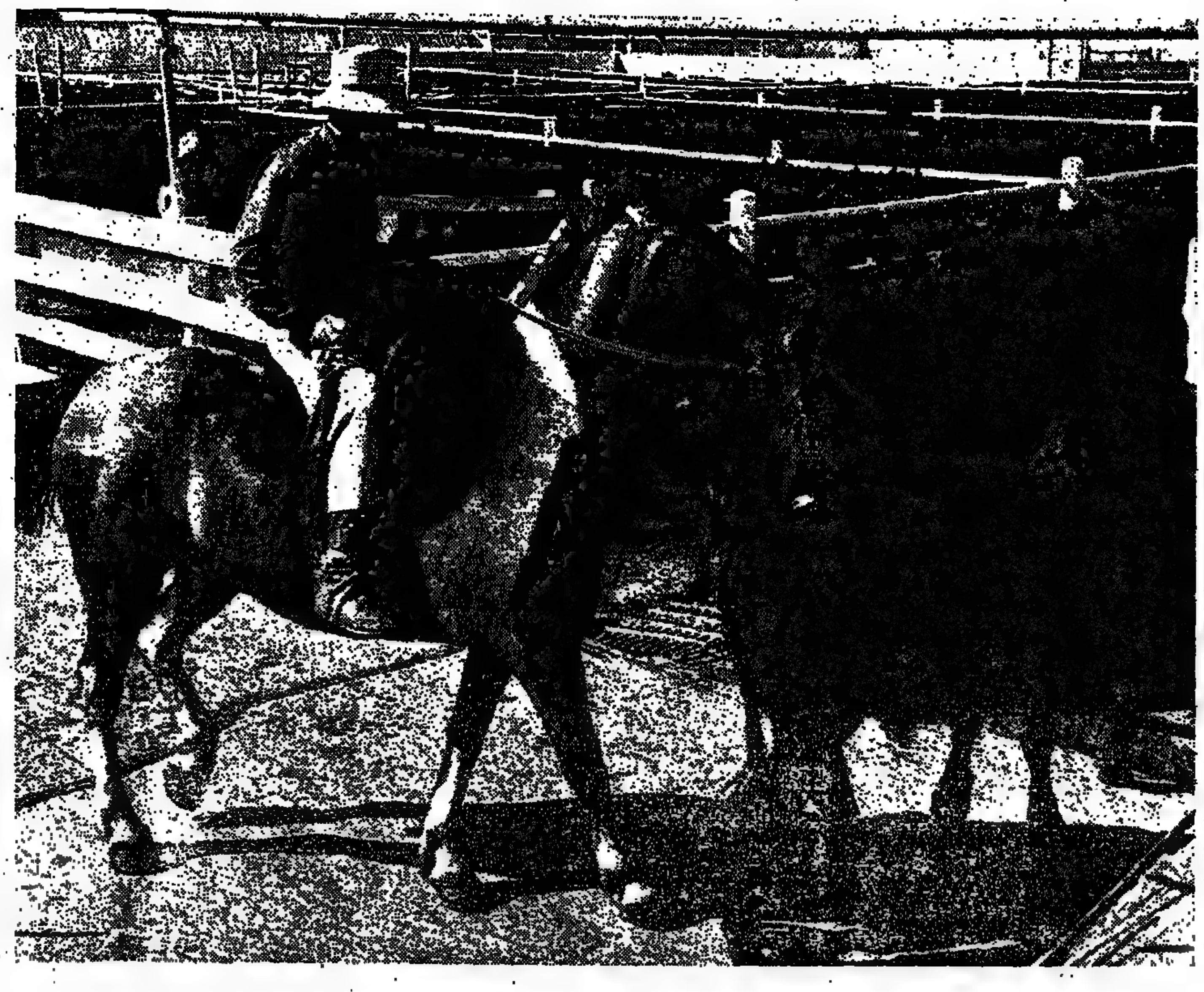
Moreover, and potentially more dangerous for the future of the Argentine livestock industry, is the selling of cows and heifers *to the slaughterhouses, thereby* liquidating the capital needed to produce beef. The trend is said to make room for more profitable use of the land than *by using it as grazing land for* cattle. Worse still for the entire livestock sector is the tendency of cattlemen to lend their money out at high interest rates, something which is proving to be altogether easier than using it to cultivate the land.

The Buenos Aires daily Clarin, a frequent critic of the Government's economic policy, points out that "we can hardly expect significant increases in the real price of beef beyond those produced in recent months." Clarin attributes these slight increases to "seasonal factors and the increase in exports *during* 1978. A reversal of the liquidation cycle would not seem to be in progress."

Nevertheless, there are indications that *the future of the* livestock industry might not be as black as Clarin paints it. Alberto de las Carreras, writing in the Buenos Aires business weekly *Mercado, doubts* that the liquidation of the cattle herds has been too great in recent years and thinks that the 61m head of cattle which, *according to the last census in* 1977, were in Argentina, have not suffered a depletion of more than 2m.

Sr. De la Carreras writes: "Argentina might be the only great producer nation—excluding the EEC as a group of nations—that will be shown to have overcome the *world* economic crisis of 1974 onwards without the deterioration of its livestock. Because the decline of the country's cattle population by 2m head cannot obliterate the previous growth." Sr. De la Carreras agrees with Mercado's prediction that, for Argentina's livestock industry, 1979 "will see the beginning of consolidation of the productive structure."

R.L.



Cattle at a meat processing plant in Buenos Aires. The export outlook for meat is healthy

Farm produce

CONTINUED FROM PREVIOUS PAGE

south of the Equator, all of Argentina's apple exports to Europe are made during the *first half of the year.*

For Argentina to exceed the EEC's suggested self-limitation would expose the country to penalties. In 1976, Chile exceeded the EEC's *suggested* self-limitation on fruit exports to the EEC countries and was penalised the following year.

Brazil, not the EEC, is the *biggest buyer of Argentine* fruit, normally followed by Holland, West Germany, Sweden, Norway and Finland. Apples make up about 70 per *cent of these* fruit exports, followed by pears, peaches, grapes and citrus *fruit, mostly* grapefruit and lemons, in that order.

But this year Brazil reduced its imports of Argentine apples *to 600,000 boxes a month for* the months February through May. This is about 15 per cent fewer apples than Brazil bought from Argentina last year during those months. There are unconfirmed reports that Brazil may extend this *monthly* reduction of apple imports from Argentina until the end of the *year.*

The soyabean is a relatively recent addition to Argentine agriculture but already has become the country's number *one oleaginous product.* The reasons for this basically are the same as they are in the other principal soyabean-producing countries — the United States, Brazil and mainland China, which account for about 90 per cent of the world's *total production: its* high quotation on the world market and the fact that, hectare for hectare, land seeded to soyabeans produces more protein than land devoted to livestock.

According to the latest estimates, about 1.3m hectares of land were seeded to soyabeans this year in Argentina, down from the 2.4m hectares in the *1977/78 agricultural* year. The U.S. Department of Agriculture estimates that the world production this year will be between 53m and 56m tons, as compared to 50.4m tons in 1977/78, and that world consumption of soyabeans this year will be between 55.2m and 55.5m tons, as compared to 49.2m tons last year.

According to the department, world exports will reach a record of 20.1m tons, although the exports from the U.S.—70.2 per cent of the world total in 1978—will be slightly less than *they were last year.*

Seed sales indicate that Argentina's sunflower crop this year will reach about 2m tons, compared to 1.6m tons in *1977/78*. A recent development in sunflower farming here is the increasing use of hybrid seeds—so much so that next year *the sunflower* crop may be 50 per cent hybrid. Still, the production of hybrid sunflower *seeds in Argentina is not* enough to fill the demand.

About 85 per cent of the world production of sunflower is limited to five countries which, in the order of their importance, are the Soviet Union, Argentina, the United States, Romania and Bulgaria. At the beginning of the 1960s in Argentina, sunflower oil was number one among edible oils. Since *soyabean oil* has been in first place.

Fish production in Argentina in 1978 was up 30 per cent as against 1977, and last year, exports of fish and related products increased by 81.2 per cent. The fish and shell-fish catch in 1978 was 420,000 tons, of which 190,000 tons was exported—*39.6 per cent.* *The* principal markets for Argentine fish during 1978 were Spain (26,800 tons valued at $24m), Japan (26,000 tons, worth $20m), the United States (*15,000* tons, worth $15m) and Italy (14,300 tons, valued at $9m). Total *global fish exports* for the year reached $145m.

It is obvious from these *figures that* Argentina is increasing its emphasis on developing its fishing industry. *From 1970 to 1978,* fish and by-product production increased 158 per cent. Participation in this sector by foreign companies—notably Japan, West Germany and Spain—has increased dramatically since the introduction of the new foreign investment law *in 1977.*

Between March, 1977, and the end of 1978, foreign investments *in fishing* and fish production have amounted to more than $27m. According to the Secretariat of Maritime Interests, the country's massive fish resources remain largely untapped, and projections are that the fish catch in 1980 will reach a *million* tons.

R.L.

Mineral potential to be tapped

ARGENTINA IS one of the few countries which has a National Mining Day. But so far there has been little to celebrate: the industry there is richer in potential than in achievement, a fact recognised by President Videla last year when he acknowledged the official day with a special message.

He said: "We undoubtedly have a great mining future and we shall encourage its development by means of realistic incentives and the adoption of appropriate fiscal and juridical measures."

Although the greater part of the output from the country's existing mines is destined for domestic consumption, the limited scale of the industry was evident in the export statistics for 1978. They showed that Argentinian sales abroad in what was a record year totalled just $34m.

But the significant point about the exports was that by volume they were double those of 1976 and treble those of 1975. Further, they covered a wide range of products, although significant amounts in money terms were sold only of sodium borate, lead, tin and silver concentrates, zinc ingots and processed borates.

It is unlikely, however, that mining exports will make a substantial impact on the balance of payments without heavy inflows of foreign capital. This has been recognised for a number of years, but the Government has been tardy in creating the necessary legal framework for attracting foreign funds to the industry.

As far back as 1970 the Government was inviting bids from foreign groups for copper prospecting rights and in 1972 the Argentine National Development Bank undertook to provide credits for the promotion of mining and installed mining promotion agencies in the provinces.

The need for more mining enterprise was becoming acute by the middle of the decade when mineral imports were running at $1.3bn a year and accounting for no less than a third of the import bill. Last year Dr. Fernando Puca Prota, the Mining Secretary, estimated that Argentina needed $2bn to locate and exploit minerals over the following two years.

The country, on the basis of present geological knowledge, did not lack mineral deposits, but it was short, he said, of "capital and managerial capacity, owing to the poor state of our mining industry with only small and medium-sized enterprises. The deficiency must be remedied by means of foreign capital contributions and know-how."

The way the Government was approaching the problem became clear in March 1977 when the Foreign Investment Law was passed. This put domestic and foreign enterprises on the same footing and permitted the remittance of profits and capital without any limitations.

But the law does not cover mining specifically and American mining executives doubt whether there will be anything more than lukewarm enthusiasm for investment in Argentina until a Mining Promotion Law is passed.

Such a law has been expected for two years and the latest indication is that it will come into force sometime this year. In a speech to the Italian Chamber of Commerce in Buenos Aires last year, Dr. Puca Prota noted that part of the framework had been officially sanctioned and that the remainder was in an advanced state of preparation.

The main reason for the delay seems to have been divisions within the Government about the technical aspects of the law relating to areas of concern to mining companies, such as depreciation rates and the writing-up of the values of an orebody. It is only when the specific conditions for exploration and exploitation of minerals are known that mining companies will risk capital.

The lengthy business of exploration, the high costs of development and the knowledge that a major deposit may be mined for a generation or more make the companies demand a carefully-defined framework for their activities.

Lack of a Mining Promotion Law has been one factor behind the sluggish pace of exploration in Argentina. It is thought that the amount spent there has been about one twentieth that spent in Brazil over recent years and certainly much less than the funds made available in Chile.

Escalation

But it is also true that from 1975 onwards Argentina would in any case have found it difficult to attract foreign capital. The mining industry at that time went into recession as low metal prices across a wide range of products coincided with a sharp escalation of costs. There were cutbacks in investment programmes and, with exploration often financed from operational earnings, the search for new deposits was reduced. Only in recent months has the international mining investment climate begun to change.

Argentina was not in any sense a priority for foreign companies increasingly worried about political turbulence. Indeed, its own internal political difficulties coupled with a notoriously high rate of inflation acted as a disincentive.

A Mining Promotion Law will not only help to banish this impression but could also trigger off a decision to develop what would be one of the biggest copper projects in South America—the El Pachon venture owned by Minera Aguilar, which is part of the New York-based St. Joe Minerals group.

El Pachon contains ore reserves of up to 900m tonnes and has a copper content averaging 0.6 per cent and a molybdenum content averaging 0.016 per cent. At a projected output of 100,000 tonnes of copper a year, it could not only meet Argentina's domestic needs but also provide about 50,000 tonnes for export.

But it is a $1bn project and there has been no haste at St. Joe to make any decision on development until the Mining Promotion law becomes statute.

Minera Aguilar is already the largest non-ferrous metal mining concern in Argentina, but the State also plays a significant role in the industry. There is a State mining company, Yacimientos Mineros de Agua de Dionisio (YMAD), while the military is strongly entrenched through Fabricaciones Militares (FM).

FM is investigating porphyry copper reserves at El Mercedario, not far from El Pachon, high in the Andes, and is engaged in a joint venture with YMAD at the Bajo de la Alumbrera deposit in Catarmarca province. This deposit has ore reserves of about 300m tonnes, grading 0.5 per cent copper, with quantities of gold and silver.

Catarmarca province is clearly an area of great future mining significance for Argentina. Kaiser Engineers Latinconsult last year confirmed the existence of enough copper, gold and molybdenum to supply the domestic market for 25 years.

Argentina also has proven reserves of uranium. At 24,000 tonnes they are sufficient to provide fuel for the developing nuclear power programme and Nuclear Mendoza is engaged in a $25m programme to develop a deposit at Sierra Pentada in Mendoza province with an expected output of 600 tonnes a year by 1983.

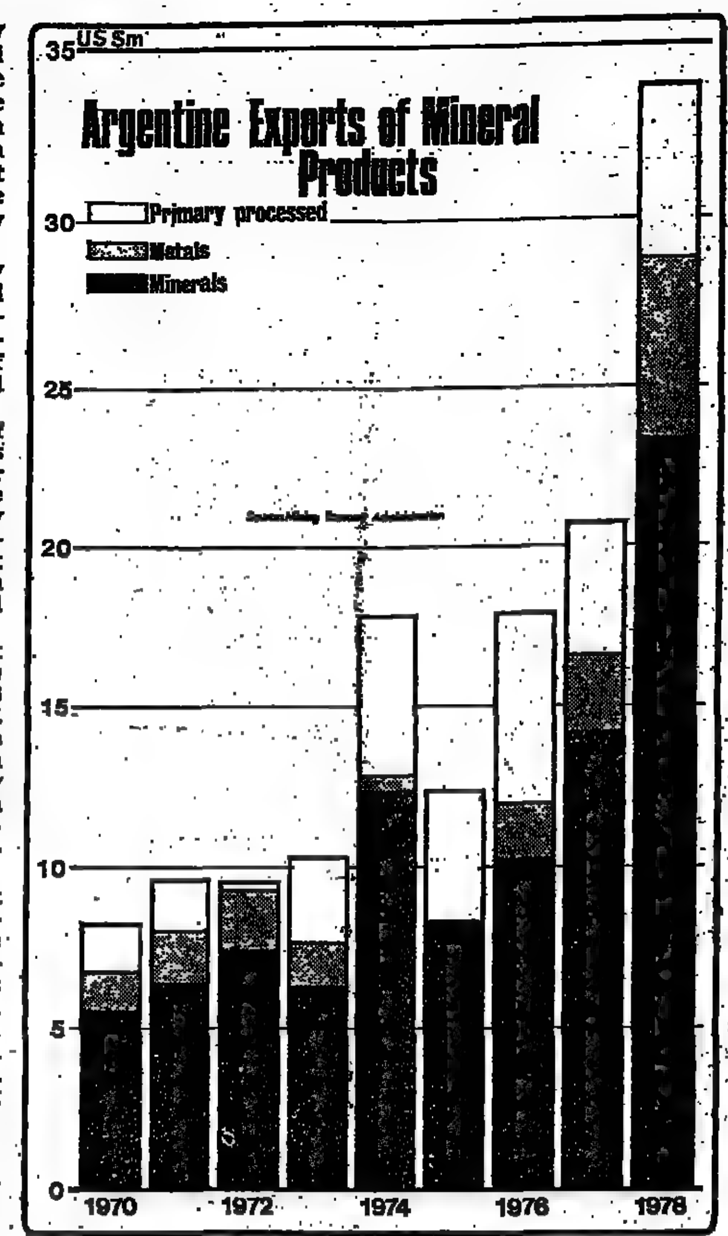
With work also going on to develop iron ore resources, build up phosphate supplies, exploit the beach sands of Patagonia and extract gold and manganese from deposits at Farallon Negro, the base for a vigorous mining industry is being laid.

Yet little is really known about the geology of Argentina. In international terms it has been a neglected mineral province: hence the Government's interest in surveys being carried out in Patagonia, La Rioja, San Juan, Misiones and Fosforita. "We can be reasonably optimistic," said Dr. Puca Prota.

But there has been optimism about Argentine mineral potential for years. This decade there has been a more systematic attempt to find out exactly what the country contains. To be sure there was much work to do. In 1971 it was thought that 74 per cent of the Argentine land mass had minerals of some sort, but of that area about 10 per cent had been subject only to prospecting work. Exploration and development work were taking place in a further 22 per cent of the territory.

As far back as 1971 the Secretariat of Mining was establishing targets for geological and mining work. Much of the surveying that has been done since then has been in the hands of state agencies. For example, FM signed an agreement with the province of Mendoza to survey areas of the province in 1976. The UN has also played a role. Behind the activity was the conviction that with only a few exceptions Argentina has all the mineral resources it needs for industrial development.

Paul Cheeseright



ARGENTINA'S MINERAL EXPORTS BY COUNTRY 1978

Country	Dollars
Brazil	18,452,320
England	6,467,122
United States	1,717,099
Italy	1,370,597
Paraguay	1,199,990
Uruguay	970,758
Japan	815,662
West Germany	635,929
Chile	534,911
Holland	255,843
Belgium	246,341
Hondura	171,146
France	143,745
Spain	130,072
Greece	124,471
Taiwan	100,362
Mexico	96,225
Israel	83,051
Bolivia	54,349
Switzerland	42,738
Nigeria	32,500
Venezuela	32,234
Ecuador	25,735
Canada	18,800
Zaire	12,498
Kuwait	4,688
Colombia	4,627
Norway	2,338
Australia	2,000
Austria	1,728
Total	33,749,954

هكذا من الأصل

GAS DEL ESTADO

ARGENTINIAN COMPANY FOR THE SUPPLY OF GASEOUS FUELS

It is a fact that the development and expansion of the natural and liquid gas industry in Argentina have been considerable since its beginnings. This progress was most significant in the last decade, and continues to be so in the current one. The future shows similar promise.

In 1946 this State National Gas Board was set up, for 230,000 consumers. Thirty-three years later the number of consumers was more than three million, and a quarter of all energy consumed in the country was given up to the national market.

In 1970, gas had an 18.2% share in the domestic market. Currently this figure is 25%.

Forecasts for gas consumption and sales, linked with the forecasts for fluid reserves in existing or undeveloped deposits, as well as the development of a suitable substructure, which is necessary to serve this demand, enable us to expect that the growth rate will be 30% in 1985. In 1978 GAS DEL ESTADO sold nearly 8 thousand million cubic metres of gas to more than 2 million consumers, and about 900 million kilograms of liquid gas, in order to satisfy a demand which represented more than a million gas cylinder consumers and fractionators dealing with gas in canisters.

GAS DEL ESTADO now serves 3,235,000 homes. If we add some canister users to these basic consumers, and if we take a typical family of four persons as a standard, we can assert that 87% of the Argentinian population are gas consumers.

* * *

Ten sedimentary deposits have been located in Argentina, some of which are being developed and others are in the exploration stages. These enable us to reckon on the existence of 336 thousand million cubic metres of natural gas, with considerable scope for a significantly larger figure.

Making use of this energy will require large plants to be built, and much technological progress to be made. A solid administrative and supervisory machine is also necessary. GAS DEL ESTADO can provide all this. The company's potential can be measured by its 15,300 km of gas pipelines and its 17,500 km domestic distribution network, which reach towards all four corners of the country, plus 23 compressor plants, which add up to a total of 300 thousand horse power and are capable of piping 30 million cubic metres of gas per day.

Of course there are also those who produce, package and store liquid gas, obtaining, fractionating and supplying the 900 million kg per annum. 185 storage plants enable 337 thousand m³ of liquid gas to be stored under various conditions (pressurised or cooled).

The distribution of liquid gas in cylinders is done from 53 centres. In respect of transporting bulk fluid, it should be pointed out that conventional methods are used.

150 km of propane lines, almost all in the province of Buenos Aires, complete the picture of the company's transportation potential.

* * *

The national consumption of natural gas is exclusively served by GAS DEL ESTADO. In terms of liquid gas, it should be stated that whilst this company supplies propane, marketing it in 45 kg cylinders and in bulk on a smaller scale, butane is the province of the private sector, which fractionates it and sells it in the well-known canisters, sold to the trade sector, and also in bulk.

A special propane-air mixture is injected into the gas mains for the city of Mendoza. On the other hand, another five towns which are some distance from the gas lines, have a domestic supply of undiluted propane. It should be mentioned that the annual total figure for propane injected into the mains is 65 million m³.

SAN SEBASTIAN-EL CONDOR, THE MOST SOUTHERLY GAS LINE IN THE WORLD

The General Don José de San Martin gas line consists of three gas lines in a line, and is the result of successive extensions of the same line towards the southern parts of the country, in order to make use of gas from the Del Golfo de San Jorge and De Magallanes deposits. Its total length is 2,600 km, and it has seven compressor plants. The sections referred to are: Buenos Aires-Pico Truncado, Pico Truncado-El Cóndor, and El Cóndor-San Sebastián.

SAN SEBASTIAN-EL CONDOR (Work started in December 1978)

This pipeline, which is the result of the most sophisticated technology, collects gas from the Isla Grande deposits in the Tierra del Fuego. In the Argentinian section (part of the Isla Grande belongs to Chile) this island is capable of yielding 52 thousand million cubic metres of natural gas.

The construction is in three parts. The first section takes gas from the production area to the extreme north of the Argentinian part of the island, the Cabo del Espiritu Santo. This consists of 99 km of 30" diameter pipework.

The second section goes under the Mar Argentino sea, towards the east of the Magellan Straits, and traces a 37 km arc from the Cabo del Espiritu Santo coast to the Cabo Virgenes beach (on the mainland, province of Santa Cruz). The pipeline is 78 metres below water in some parts and has a diameter of 24".

The third section starts from the neighbourhood of Cabo Virgenes and stretches as an on-shore pipeline 39 km long and 30" in diameter, to the El Cóndor compressor plant at the head of the El Cóndor-Pico Truncado gas line.

1. ESPIRITU SANTO-VIRGENES OFF-SHORE SECTION

The eastern mouth of the Magellan Straits is one of the most treacherous regions in the world. With the aid of the Argentine Navy Hydrographical Department, a survey was carried out on the environment and geological make-up of the sea bed, a topographic profile of it was obtained, charts were made of the swell and currents in the Magellan Straits, and further knowledge was collected on the weather conditions in the area where the pipework intersection would have to be made.

The above-mentioned surveys enabled a gas line to be designed which is capable of coping with the worst storm which might occur in the region, according to a statistical calculation taking a hundred years into account in this respect.

The engineering studies on the intersection, the selection of the route and the design of the pipes were provided by GAS DEL ESTADO and the consultant company R. J. BROWN & Associates, a Swiss company which was in charge of the invitation to tender and supervision of the works. The project was assigned to the French company ETMP (ENTREPOSE GTM POUR LES TRAVAUX PETROLIERS MARITIMES) and the Argentine company ECOFISA.

2. THE SIZE OF THE PROJECT

The volume of gas delivered daily to Argentinian consumers from the Tierra del Fuego will be three and six million cubic metres successively. The first of these figures will expand the daily volume of gas piped by the gas lines by almost 20%. This increase is equivalent to 1.8 million cubic metres of petroleum, a volume which can be deducted from imports and will means a saving of more than 80 dollars per cubic metre (140 million dollars per annum). It should be pointed out that by means of the off-shore pipeline the delivery of energy from the Isla Grande can go to the extractor plant for ethane, propane, butane and higher hydrocarbons, which is being constructed in the Buenos Aires region at General Cerri.

3. PROJECT FINANCE

The total estimate for the SAN SEBASTIAN-EL CONDOR construction and some of the facilities necessary for improving the southern gas line system, is 191,800,000 dollars.

The construction was possible thanks to an Inter-American Development Bank loan of 87 million dollars, which sum was apportioned to the off-shore intersection. The on-shore sections were sponsored by GAS DEL ESTADO's own funds.

The total financial backing cost the country an investment of foreign currency which amounted to less than the sum required for importing petroeum, which is being repaced by gas from the Tierra del Fuego.

4. EXTENSION OF THE SOUTHERN GAS LINE (GENERAL D. JOSE DE SAN MARTIN)

For the purpose of obtaining an increased transporting capacity capable of taking Tierra del Fuego gas, the SAN JULIAN compressor plant was installed in 1977, near the Santa Cruz area of the same name. This plant meant a 2.3 million m³/day increase in the volume of gas piped, up to 9.3 million m³/day. In 1978 11.3 million m³/day were piped owing to the installation of 320 kilometres of pipework parallel to the gas line. This concerns two loops with diameters of 762 and 609.4 mm respectively. However, taking into account the constantly increasing demand, another extension is in the planning stages, with a target of 13.5 million m³/day. This will consist of building four compressor plants, which must be operating by 1980. Furthermore it should be recorded that amongst the constructions envisaged is an expansion of the Pico Truncado and General Cerri plant capacities.

5. EXPANSION OF GAS PIPING CAPACITY IN SAN SEBASTIAN-EL CONDOR

Plans are being made for the installation in Tierra del Fuego of the facilities necessary for delivery to the gas line of gas from the CANADON ALFA and CANADON PIEDRAS deposits. The production schedule for these deposits allows for a daily production of 1.5 million cubic metres.

EXPANSION OF GAS PIPING CAPACITY IN THE CAMPO DURAN-BUENOS AIRES GAS LINE

Since 1960 the reserves from the CAMPO DURAN, MADREJONES, and, since 1970, CAIMANCITO, deposits, have been used. These all relate to the northern basin, and are served by a gas line 1744 kilometres long and 610 mm in diameter.

The CAMPO DURAN-BUENOS AIRES pipeline has a capacity of 7.3 million cubic metres of natural gas. This figure consists of the basin's own resources plus the gas which the Republic of Bolivia has been selling to Argentina since 1972, which arrives via the SANTA CRUZ DE LA SIERRA-YACUIBA pipeline near the border. Its first section is reinforced by a parallel pipeline 75 km long.

The system operates at working pressures which fluctuate between 75.5 and 60.7 kg/cm², and has four motorised compressor plants (46,800 h.p.).

The start-up of the CAMPO DURAN-BUENOS AIRES pipeline meant that gas began to be used in the industrial sector in Argentina, and at the same time marked the end of the service being a major city privilege.

As of this year, the purchase volume of Bolivian gas will increase by two million cubic metres per day, therefore a piping capacity which the gas line currently does not have, will be required.

The recent discovery of large gas reserves in the RAMOS deposit, in the region of Salta, means that even more fuel will be produced. This is programmed for a daily delivery of up to 1.5 million m³/day.

The RAMOS gas will enter the CAMPO DURAN-BUENOS AIRES line through a pipeline 47 km long and 305 mm in diameter, in the neighbourhood of CORNEJO (Salta region).

The production may amount to 12.5 million m³/day, depending on the figures which the Y.P.F. can foresee for the deposit once the surveys are completed and the reserves reliably estimated.

It is planned to improve the pipeline by extending the already existing loop from Coronel CORNEJO to CAIMANCITO and installing 138 km of pipework with a diameter of 610 mm. In order to reinforce the section between CAIMANCITO and TUCUMAN, a YPF polyduct will be hired by GAS DEL ESTADO. The expansion will be completed by a 40 km, Ø 610 mm pipeline and the installation of a compressor plant at EL RECREO (Catamarca region). The construction work on the pipeline will be completed in 1979 whilst the EL RECREO plant will be ready in 1980.

GENERAL CERRI COMPLEX

This is situated to the south of the province of Buenos Aires. Currently two cooled absorption plants, one gas compressor plant, plant maintenance shops and one of the largest operational and maintenance bases in the main Argentinian gas line system are in operation there.

At the moment an extraction plant for ethane, propane, butane and higher hydrocarbons from natural gas is being constructed near the above-mentioned facilities. This is the largest plant of its type built in South America.

The plant is to cover an area of 40,000 m². It has been designed to optimise the extraction of natural gas hydrocarbons, using current methods, and aiming for 76% ethane recovery. The selection of the process was made on the basis of a study comparing the system with the Cascade Cooling and Cooled Oil Absorption processes. The cryogenic turbo-expansion will bring a saving of about 164,000 m³/day and 199,000 m³/day of combustible gas compared with the above-mentioned processes.

The GENERAL CERRI complex will start production in the first half of 1980, and at its highest performance stage will process a maximum volume of 18 million m³/day. This performance rate will mean the production of 300,000 tonnes per year of petrochemical grade ethane, and about 350,000 tonnes per year of commercial propane and butane.

In order to supply the fuel required by the process, the input gas line piping structure will be designed to make use of the new gas reserves found in the Cuenca Neuquina and the production from the El Cóndor (Santa Cruz region) and Tierra del Fuego (Cuenca Austral region) deposits.

It should be stressed that the General Cerri complex will be the nucleus of the Bahia Blanca Petrochemicals Centre currently being constructed. Petrochemical ethane will be the main product of this development centre, which will shortly become the axis of Bahia Blanca industry and the take-off point of Argentinian industrial potential.

CENTRAL-WESTERN GAS LINE

The natural gas reserves found in the Cuenca Neuquina have been estimated at more than 200 thousand million cubic metres. This volume will enable a pipeline to be constructed which is intended to satisfy the demand for natural gas in the Cuya region, which lacks gas resources.

This region does not so far have liquid fuel in sufficient quantities to supply its current needs or cope with its future industrial development. In the cities of Mendoza and San Juan alone about 25 thousand tonnes of liquid gas per annum are to be replaced, the import value of which is in excess of three million dollars.

In the first three years of operation, the Central-West gas line will replace a total of six million cubic metres of petroleum, thus avoiding a foreign currency outlay in the order of 500 million dollars.

The construction will make a supply of natural gas possible to the south of La Mesopotamia (Entre Rios province) with scope for later extension to the rest of this region.

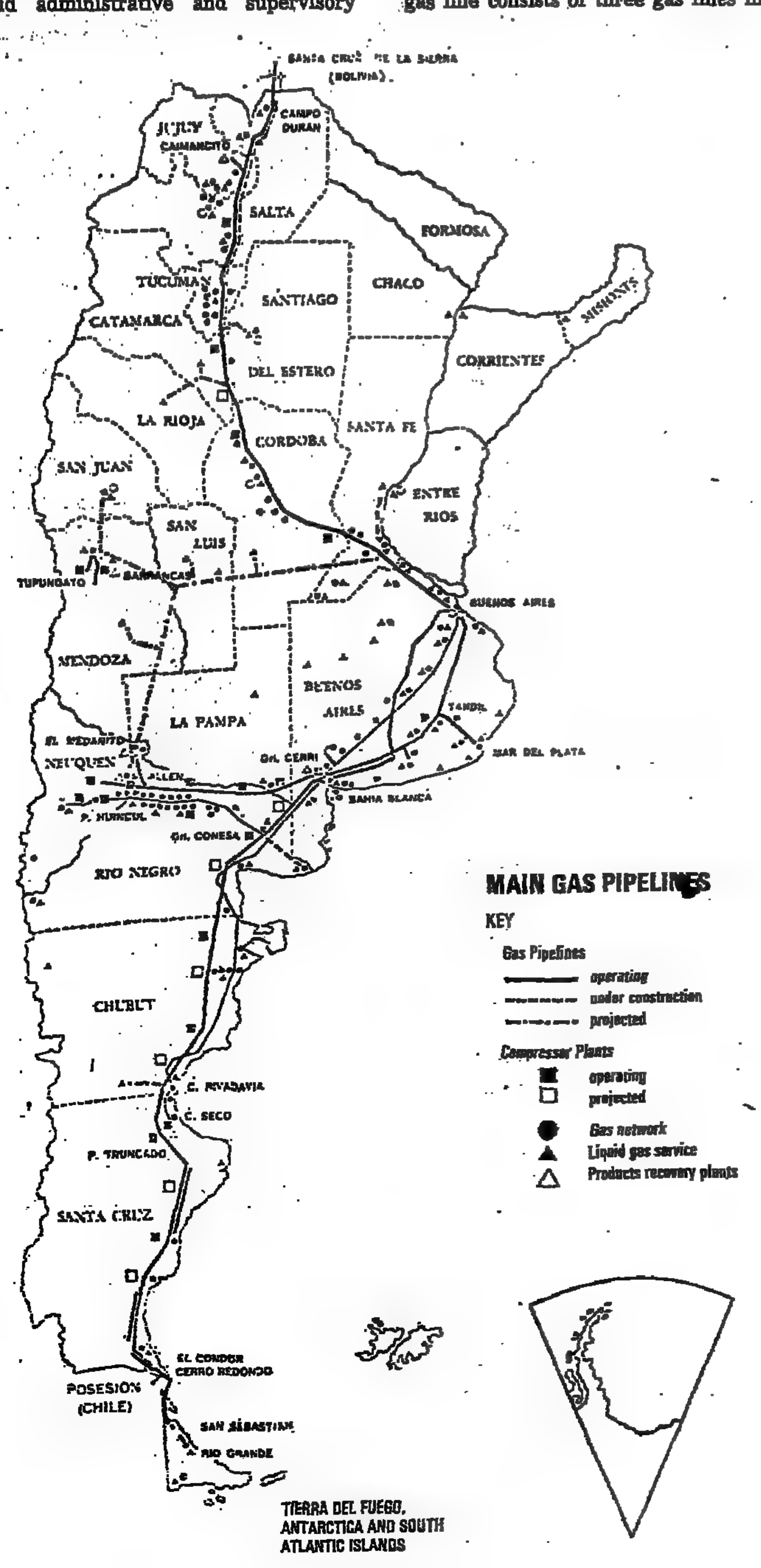
The main gas line to be constructed will have a length of 1,100 km, and a diameter of 762 mm, with 600 km of smaller diameter branches. It will be provided with the compressor plants necessary to pipe ten million cubic metres per day.

The quantities programmed for transport are: 5,000,000 m³/day initially; 7,000,0000 m³/day after one year, and 10,000,000 m³/day after two years.

GAS DEL ESTADO will implement this project by means of an international invitation to tender for a contract of work and services necessary for piping natural gas from the Neuquina deposit to the delivery centres at MENDOZA, SAN JUAN, SAN LUIS etc.

This invitation to tender was issued in November 1978. The date set for opening tenders is June 22nd 1979.

As a form of payment to the company which is awarded the contract, the invitation to tender provides for a type of "toll" based on the rate of gas piped through the gas line system and auxiliary facilities. The Contractor will be entitled to receive this for a period of fifteen years, up to the termination of the contract.



GAS DEL ESTADO,
ALSINA 1169,
BUENOS AIRES,
ARGENTINA.
Tel: 37-2091 38-9061

ARGENTINA VIII

Industrial policy put into action

THE MANUFACTURING industry is the sector which has suffered most from the impact of the new economic policy. In 1978, Argentina's manufacturing industry underwent a 6.8 per cent drop in production.

This decrease was seen throughout the industry with the exception of the paper sector and the non-metallic minerals industry. The lowest point was reached during the first quarter of last year, when factories decreased production because of falling demand and the increase in interest rates, which left the factories with little incentive for keeping sizeable stocks on hand.

In the second quarter of the year, many plants were working only to produce ordered goods, with the result that many workers were idle. The situation improved moderately during the third quarter of 1978, when sales increased slightly.

In a year-end report on the economy, the Buenos Aires business weekly, Mercado, puts much of the blame for the troubles of the manufacturing industry on the Government's failure to evolve a well-defined industrial policy.

But this year, the Government has at last taken major steps aimed at righting the situation. In February, for example, a new "reconversion" law for the automobile industry—designed to reduce the cost of manufacturing cars—came into effect.

The law's chief features are the permission its gives to manufacturers regarding imports and to form agreements with other countries and overseas firms, for the purpose of exchanging parts in import-export operations.

Previously, car makers were prohibited from importing parts which are supplied by local parts' makers. Moreover, they were restricted in the manufacturing of these parts and were unable to update car models. The car companies are now allowed, over the next four years, to use successively higher percentages of imported parts in their cars. This year that figure is 4 per cent, next year 8 per cent, and in 1981 and 1982, 10 and 12 per cent respectively.

Tariffs on imported parts, which are fixed independently of the law, are — for parts not made locally — 45 per cent maximum and 10 per cent minimum.

By 1984, the maximum tax is scheduled to be reduced to 30 per cent, while the minimum will remain unchanged.

The most hotly discussed part of new reconversion law (the aim of which is to restructure completely the Argentine automobile industry by opening it up to foreign competition and by reducing Government regulation) is that which permits completed vehicles to be imported again. Local makers are worried about the possibility that the market could be inundated by cheaper Japanese and Brazilian-made cars. A spokesman for Ford's Argentine subsidiary has said: "We are very concerned."

The Government, however, maintains that some outside competition will benefit the industry and help contribute to lower prices. Economy Minister José Alfredo Martinez de Hoz has declared, referring to the Argentine manufacturing industry in general: "We have no intention of destroying our local industries by the wholesale and immediate lowering of all barriers. The device of lowering tariffs while still allowing a measure of protection, as industry adapts to the new situation, is a delicate and finely tuned operation involving close co-operation between the Government and industry." Unemployment has now dropped to an inconsequential 1.8 per cent.

Surcharge

To prevent the car industry from being swamped by foreign-made vehicles, a minimum CIF price has been established. For cars, this price is $3.50 per cylinder cubic centimetre, plus a minimum freight charge of 15 per cent. For heavy trucks, the minimum CIF price is $6 per kilogramme, plus the 15 per cent minimum freight charge. There also is a surcharge on imported vehicles, which for cars will slide from 95 per cent this year to 55 per cent in 1982; and for heavy trucks, from 65 per cent this year to 45 per cent in 1982.

The importance for this reconversion law for the automobile industry is that the industry operates in a growth market. Last year, the Argentine car industry produced 180,000 vehicles, although it experienced a recession in sales. Even so, Argentina has a very high ratio of inhabitants to cars—seven-to-one.

But there is doubt—indeed, disbelief—that the permission to import complete cars in Argentina will reduce the price of the locally-made vehicles. By now it seems obvious that the effects of the new reconversion law, in its entirety, will not be seen immediately by the Argentine car buyer. According to the Ford subsidiary spokesman: "It will take us a couple of years to tool up to the law."

Car dealers are among the most outspoken critics of the new regulations. One of these, Francisco Villar, writing in the Buenos Aires daily, Clarin, does not think that the Government's attempt at lowering prices of locally-manufactured goods by allowing in imports will be successful with any merchandise, not with just cars alone.

"I base this opinion," Sr. Villar writes, "on my observation of all the imported products which I see being marketed: toilet articles, textiles, electronic apparatus, foodstuffs, and so on. They have not brought down the cost of national production, nor the prices to the consumer."

Sr. Villar continues: "The costs structure in our country is influenced by its overall inefficiency. The State, as a supplier of services and raw materials, contributes to this inefficiency. It is a structure which will not allow itself to be changed by imports.

"Imported articles absorb that layer of the market which is the tip of the pyramid of the population: the level with the most purchasing power which, however, represents a very reduced sales volume . . . this leads me to think that we will see a quantity of imported cars on Avenida Alvear, in La Lucila (both chic areas of Greater Buenos Aires), in the commercial centre of our capital — but I don't think we will see many imported cars in our villages, on our ranches or in use by medium-sized businesses."

The Government (that is, the three-year-old Videla regime) has, however, taken important measures to reduce its own inefficiency as a supplier of services and raw materials to manufacturing industry. In March, 1976, 15 companies were being subsidised by the State; today, only two—the Argentine State Railways and the postal services — receive funds from the treasury.

Yacimientos Petroliferos Fiscales, the State oilfields combine, has cut its work force from 50,000 to 40,000 — and was able to boost annual production of crude by 20 per cent in 1977. In the first 11 months of 1978 the combine produced a record 24m cubic metres of petroleum as against 22.8m cubic metres during the whole of 1977.

In the past three years, the 15 major publicly-owned service companies have reduced the numbers of their employees by 12 per cent but have increased production by 18 per cent which represents a 36 per cent improvement in productivity for each employee.

Another step taken to stimulate manufacturing and industrial development is a law which allows temporary importation (free of duties), of materials, components, process aids or goods to improve cost efficiency, productivity and quality of domestically-produced items. Thus, value is added to the imported material without incurring duties, as long as the final assembled product is exported eventually.

Industrial production and activity actually began to recover during the last half of 1978. In January, this year, usage of electricity by industrial concerns increased 18.3 per cent over the same month last year and is now 14.2 per cent above the figure of January, 1977.

R.L.

Banks' fortunes soar

FOR THE international banking community, Argentina has proved to be one of the textbook financial transformations of post-war economic history.

While countries like Zaire and Turkey struggle with their seemingly insoluble problems, the recovery of Argentina from a state of near bankruptcy in 1976 is frequently instanced by bankers as what can be achieved in a relatively rapid timescale when determined economic and fiscal policies are pursued.

In March, 1976, Argentina was torn by guerrilla warfare, Government economic ministers changed in rapid succession, corruption was reportedly widespread, hyper-inflation rampant, and foreign exchange reserves had dwindled to under a token $20m.

The seizure of power by the military regime of General Jorge Videla ushered in a period which in the last three years has seen exchange reserves soar to a record total of more than $6bn and a return to a balance of payments surplus—to the tune of $2.1bn last year.

For the Western banks, the culmination of this recovery was marked by the Government's decision to retire well ahead of time the $1bn of restructured commercial bank loans contracted after the 1976 coup d'etat. The loans were completely repaid, to a consortium of U.S., Canadian, European and

Eager

In all, some $1.6bn of international loans, including International Monetary Fund credit facilities, which had been vital in fending off bankruptcy, have been repaid by Argentina. Now, the country enjoys a prestigious rating in the international capital markets, and international banks are eager to lend, particularly for the ambitious long-term hydro-electric and infrastructure projects.

In the Eurocurrency markets, state-guaranteed Argentinian agencies are able to raise 10-12 year loans at a spread of ¾ to ⅞ per cent over interbank rates, among the best terms available to borrowers in Latin America. These rates compare, for instance, with the ¼ per cent margin, for a four-year maturity, which was imposed on the $1bn of restructured loans in 1976.

Last year, Argentina raised an estimated $1.46bn of syndicated Eurocurrency credits, compared with $349m in 1977 and a derisory $72m in 1975.

Foreign bankers applaud the strict queueing system for foreign borrowings. Since 1978, the country's central bank has imposed a very tight control over who can borrow, not only as regards large Eurocurrency loans but also smaller transactions of $5m or less.

This system was also extended to cover private sector entities after the central bank became concerned at the amount of dollars flowing into the country in early 1978.

The first controls imposed lasted until the end of September, 1978. Private sector companies borrowing abroad had to deposit 20 per cent of the amount of the loan at the central bank in peso equivalent. From the beginning of last October, the requirement was reduced to 5 per cent, but the funds were still frozen at the central bank and bore no interest.

Government official Dr. Francisco Soldati, who directly controls Argentina's foreign borrowing efforts, regards the queueing system as highly effective.

In a recent interview, he declared, "In almost every case the central bank has been successful in getting better rates for each loan. The queueing system has meant that we have never had more than one borrower in the market at the same time carrying the Argentine Treasury guarantee."

At the same time, it is clear that Argentina plans to be a regular and extensive borrower on the international capital markets in the future.

Information recently made available within the Argentine Embassy in Washington, based on a rough draft of the country's 1979/81 investment programme, shows that it will be looking for some $2.586bn in overseas funds in this period.

In support of the programme, Argentina plans to place various orders overseas for plant, equipment, etc, worth $4bn. Domestic funds totalling the equivalent of some $10bn will be invested in the programme.

The projects that receive high priority and allocations in terms of foreign borrowings are headed by the Yacyreta Dam, a joint venture between Argentina and Paraguay. Some $1.1bn of borrowings are earmarked for this project between now and 1981.

The next highest sector is oil production, with $320m allocated. This reflects Argentina's drive to exploit its energy resources, centred on the target of becoming self-sufficient in oil output by 1985.

Other sectors, in terms of specified amounts of overseas finance, are:

- Electric transmission $234m;
- Telecommunications $221m;
- Hydroelectric plant at Alicura $197m;
- Other hydroelectric $141m
- Roads $90m
- Gas pipeline via Sam Marti[n] $102m;
- Replacement of railwa[y] coaches $49m;
- Aqueducts $35m;
- Grain storage $31m

John Evan[s]

Trade with the UK

THE WINDOWS along Calle Florida, the smartest shopping street in Buenos Aires, are plastered with posters proclaiming the arrival of some new imported merchandise or other, such as Argentines have not seen for decades. The newspapers advertise the fact that Citroen Pallas made in France are being unloaded at the dock and are newly available at a cost of $37,000. Buying a tube of toothpaste, one is pressed to take a card or two of Korean hairpins. Crowds gather round the shop where they are selling Japanese electric organs and Argentine golfers are celebrating the return of Dunlop golf balls.

The military junta's policies of import liberalisation and the maintenance of a substantially overvalued peso has created a thirst for foreign goods which scores of Argentine businessmen turned import agents are rushing to slake. The result could be a useful boost to British sales to Argentina and a balancing of a trade account which is currently running in Argentina's favour.

Despite a disappointing year in 1978 British exports to Argentina have been healthy enough, going from £67.7m in 1975 to £63.3m in 1976, jumping to £130m in 1977, then falling back to £113m last year.

Last year, however, saw years of negotiation about the sale of a flotilla of destroyers to the Argentine navy aborted by the decision of the junta to purchase an untried West German design from Blohm und Voss. The contract, worth hundreds of millions of pounds, would have given a fillip to the British trading position.

Though the decision was a blow to the British negotiators, officials emphasise that there are plenty of big new long-term projects in which sellers of high technology can benefit while exporters at the consumer end of the market consolidate their place in the retail stores. A recent issue of Trade and Industry, the weekly of the departments of industry, trade prices and consumer protection, listed the big public sector investment programme, with projects ranging from the Yacyreta hydroelectric scheme on the River Parana down to the provision of a third aerial for satellite communication.

The fact that British consultants, including British Rail's Transmark, have secured important contracts recently in the transport sector is seen as a good sign for future business. In the still sluggish private sector British manufacturers recently won a £10m order for biscuit-making equipment, and when the Argentina farm sector and food processing industry finally decides it is time to modernise there should be further opportunities for British exporters.

The renewed interest of British sellers is reflected in the fact that the trade missions to Buenos Aires are much more numerous than last year, ranging from the Publishers Association and the Federation of Sussex Industries to the Ship and Boat Builders National Federation.

The British share of the Argentine market is still only a fraction of what it was at the beginning of the century, a bare 4.3 per cent in 1977, compared to the 18.8 per cent of the U.S. and the 10.8 per cent of West Germany.

Argentina's sales to this country have for their part grown more smoothly and consistently than British sales in the other direction. In the four years 1975-78 the figures were £53.4m, £90m, £120m and £153m.

Limited

In every year meat and meat products headed the list. British interest in Argentine beef and veal is still limited by doubts about the health of Argentine stock, by fear of the import of Argentine meat will set off a new wave of foot and mouth disease, such as ravaged British herds a decade ago, and by the operation of the European Community's Common Agricultural Policy. Nevetheless, sales of Argentine corned beef have been growing strongly, from about 15,000 tons in 1978 to 30,000 tons last year.

Argentina last year sold textile fibres worth £21.7m and a good Argentine harvest meant that oil seed and cattle feed sales rose from £207,000 in 1977 to nearly £22m last year.

Despite the Common Agricultural Policy there is every indication that Argentina will continue to do a steady trade in the traditional farm products with Britain whatever the vagaries of climate and currency. The present Argentine policy of keeping the peso very appreciably overvalued has, however, put in doubt the future of some non-traditional lines which had recently been growing in acceptance in Britain. This month one leading British importer of Argentine wines, for instance, visited Buenos Aires and announced that the rocketing price of the wines was making them totally uncompetitive in the British market and that the work which had been done in the past few years to introduce them was in serious danger of being wasted.

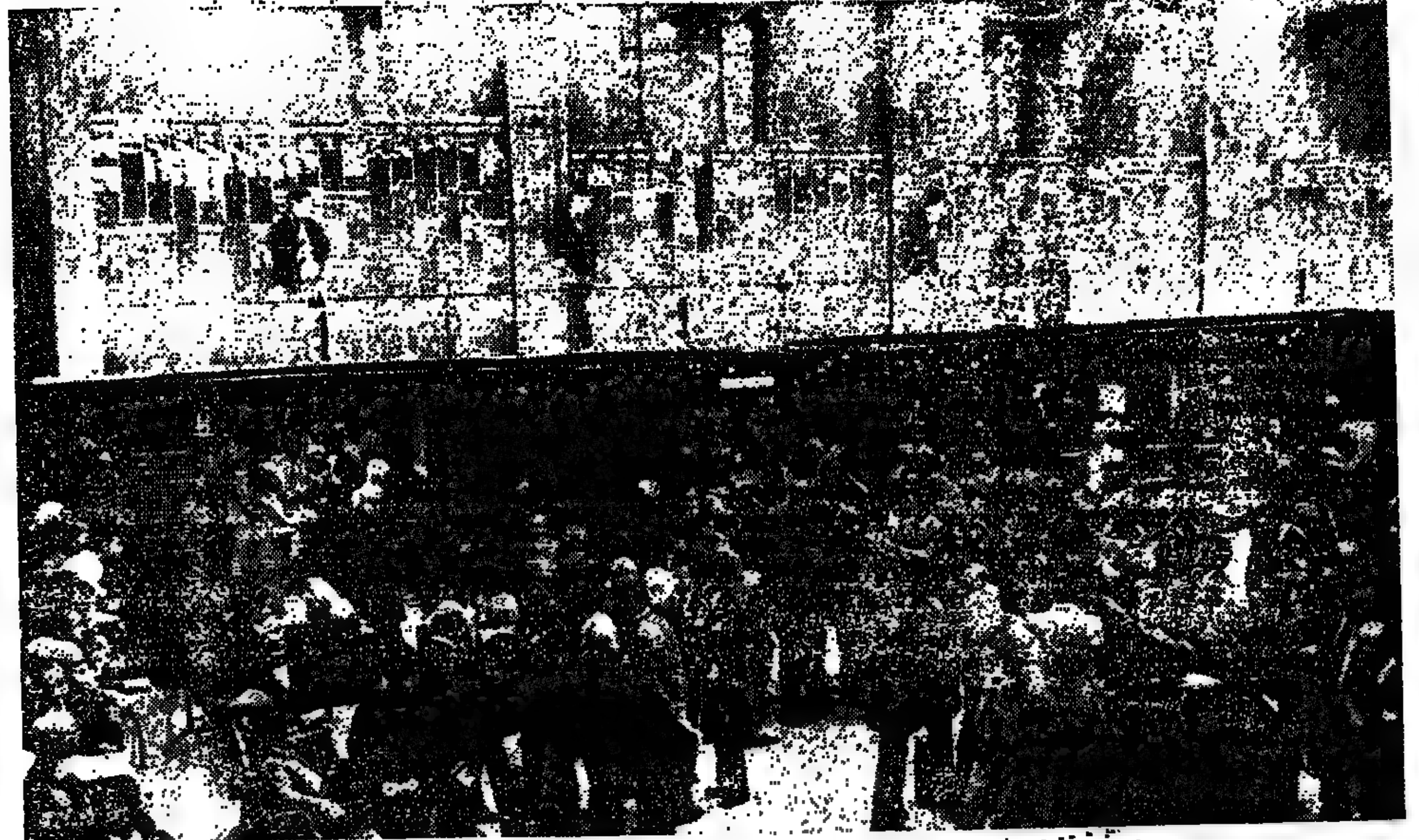
Under the present economic policies the parity of the peso is fixed until the end of the year, and there are few indications that the overvaluation will do anything but get worse. The winegrowers may therefore have to say goodbye to the British market for some time to come, and they may not be the only sufferers.

But, as has been stated elsewhere in this Survey, there is a big question-mark over the continuance of the present policies and, as in fields other than trade, the long-term aims of Argentine rules are not always put into practice.

Just as it is entirely possible that the freedom to import may be cut back, so a new political twist in the country could once again establish a close purchasing power of the peso and the value it has across the bank counters.

In 1979, as always in the past, trading with Argentina demands patient application, great flexibility. One has to be able to judge the moment when to jump on the galloping horse and have the same acute sense of timing needed to jump off it safely. During the last century the British were adept at that. More recently they seem to have lost some of the knack. There is no obvious reason why they should not regain it.

H.O'S.



The main hall of the Buenos Aires stock exchange

Better financial control

IN THE last three years the economic team of Minister José Alfredo Martinéz de Hoz has attempted to liberalise all the components of Argentina's productive apparatus. Perhaps the sector in which the most progress has been made towards liberalisation has been the financial one.

However, the new system was not put into effect until the second half of 1977, and there were difficult moments last year when it seemed doubtful that the Central Bank officials could find the measures needed to bring the situation under control. In the last four months of 1978, however, the authorities achieved total control of the monetary expansion mechanism, for the first time in 30 years. Indiscriminate monetary expansion had been one of the main causes of the increasingly high inflation.

One of the difficult periods last year was the heavy influx of foreign money, which was converted into strong currencies in pesos on the local market. Both the industrial and livestock-agriculture sector protested about the high interest they had to pay. At one moment this rose to 11 points on 30-day loans. During the first six months of last year, it is estimated that nearly $3bn entered the financial market. To face up to this alarming situation, the Central Bank ruled that private sector companies borrowing from abroad must deposit 20 per cent of the loan at the Central Bank in the peso equivalent. These obligatory deposits, which have since been reduced, produced no interest. The deposit requirement will be reduced further as the cost of funding from abroad and locally becomes more equalised.

It was in August last year that the Central Bank authorities began to get a firm grasp on the growth of the monetary base. And the climate at the beginning of 1979 was one of optimism. There was a $2,000m balance-of-payment surplus, evidence that considerable progress had been made in the foreign sector, continuing the trend of 1977 and 1976. Because of the favourable foreign trade, the movement of capital was practically neutralised during 1978.

Exports increased to nearly $6.3bn, mostly because of the sales abroad of corn, sorghum and oleaginous crops, principally soyabeans. The world market prices for these commodities were generally good. Exports of fine grains, especially wheat, were not as high as the year before, simply because there were exportable surpluses. But as the exportable surplus of Australian beef declined, Argentine beef exports increased by 20 per cent over those of 1977. EEC restrictions on imports were in some measure offset by Argentina's success in finding new markets, especially in the Middle East and Africa. Moreover, Argentina concluded important operations with Greece and Brazil. Wool exports also did well and at good prices.

These and other factors permitted Economy Minister Martinez de Hoz, at the end of 1978, to pre-set—through the Central Bank—the exchange rate for the peso from January this year to August, as a means of reducing inflation. Maximum increases for public utility rates have also been pre-set, and industry is now working within known parameters. There are no price or exchange controls in Argentina, but industry is being asked to keep price increases within these limits. Says Dr. Martinez de Hoz: "If domestic prices in a sector have risen above the guidelines, while capacity still exists in that industry, we have lowered tariff barriers to increase supply. Then demand determines the price."

Dr. Martinez de Hoz's first move to revolutionise the banking system was the Financial Entities Law of February, 1977. This law, designed to channel financial resources away from speculative sources into productive ones, allowed banks to receive deposits from third parties on their own account. In an attempt to bring "black" money back into the banking system, Dr. Martinez de Hoz eliminated the parallel foreign exchange market.

But most important in his drive to revolutionise the banking system was his freeing of interest rates, which for years had been fixed by the Central Bank. That system permitted enormous speculative profits to be made. Now, with set interest rates, banks have to compete for deposits. "For the first time in 30 years," says the London magazine Euromoney, "the depositor has a choice."

Still, Christian Zimmermann, vice-president of the Argentine Central Bank, says that, "technologically, I think Argentina is 20 years behind other financial centres of the world. We have to run very fast to recover the time we lost in the recent past. . . Our system is inefficient, because some banks do not believe in competition. What I want in Argentina are capable and serious banks." Ricardo Zinn, director of the Banco de Italia y Rio de la Plata, agrees: "There still needs to be more competition."

There are now 115 commercial banks in Argentina, as well as two development banks, four investment banks, one mortgage bank, one savings bank, about 115 finance houses and about 349 co-operatives. Since Dr. Martinez de Hoz became Economy Minister more than three years ago, the Argentine banking system—notwithstanding its continuing "inefficiency"—has become more dynamic. Proof is that real liquidity has increased three times since 1976.

The Central Bank, as it has been transformed by its president, Alberto Diz, under Dr. Martinez de Hoz, has received high praise from John Lawrence of Lloyds Bank International: "The Central Bank is very strict and clinical. If you make a mistake, that's too bad. It reflects the professionalism of the authorities."

It was Dr. Diz who introduced what has become the key to the new Argentine banking system, in June, 1977. It is the *cuenta de regulación bancaria*, which obliged banks to deposit 45 per cent of their deposits in the Central Bank. This *efecto minimo* made is imposible for banks to lend more than 55 per cent of their deposits. In implanting the measure, Dr. Diz tried to accomplish two things: To engender more completition—something which Dr. Zimmermann and Dr. Zinn think is still lacking—and to control the growth of credit. As the inflation declines, the *efectivo minimo* declines also, inasmuch as it is a temporary measure designed to control inflation.

R.L.

ADVERTISEMENT

BUENOS AIRES STOCK EXCHANGE

The Argentine legal regulation on stock exchanges is very particular.

The offer of securities in Argentina is regulated by Act 178 11 of 1968. This legislation sets forth the operation of three institutions: the National Securities Commission, the stock exchanges authorised to list securities, and the stock markets. The National Securities Commission, an autonomous government agency, supervises the stock exchanges authorised to list securities as well as the stock markets and deals with all matters related to issues traded "over-the-counter." Concerning the latter it establishes the requirements to be fulfilled in order to offer securities to the public, keeps a record of the over-the-counter brokers and supervises their activities.

The stock exchange authorised to list securities are empowered to set forth the requirements that must satisfy those corporations interested in quoting their shares. Furthermore, they supervise them and are responsible for maintaining a record of the proceedings and for their publication.

On the other hand the stock markets take care of the registration and supervision of the stock brokers, keep record of their transactions and guarantee the compliance of their obligations with their clients.
So, the National Securities Commission has direct jurisdiction on everything connected with public offering, on stock exchanges and stock markets and only a jurisdiction delegated through the stock markets on all matters concerning listing and operations carried out in the exchange.

As a matter of fact though, stock exchanges and markets are independent institutions as regards their legal bodies, capital and management, they are closely connected as regards their operations because, within the Argentine legal system, said operations could not be performed without the participation of both institutions. The Securities Commission created by law, is a body that formally connects both institutions, and with which we will deal with afterwards.
The Buenos Aires Stock Exchange, founded in 1854, is a non-profit association. Its governing bodies are: the General Assembly which meets once a year to approve managerial documents and to appoint the council of the stock exchange which in turn appoints the stock exchange's administrative bodies: the council; the board; the securities commission and the president.

The council, president, and the securities commission, are the bodies empowered to deal with matters concerning the listing of securities.

The Council of the Stock Exchange is a body where the principal sectors of business activity are represented.

When a corporation wants to be listed in the stock exchange, it should fulfil certain requirements which we will deal with afterwards. Once the managers of the stock exchange have analised the listing application, the securities commission studies it. If the securities commission's conclusion coincides with that of the president of the stock exchange, the latter authorises listing. If not, he hands the matter over to the council which issues a definitive ruling.

The Stock Exchange's ruling which deny listing authorisation and those which suspend or cancel a previously granted authorisation (which have a similar procedure) can be judicially appealed. The listing requirements are established in the listing rules and regulations issued by the Buenos Aires Stock Exchange pursuant to powers granted by Act 17.811. It is a very severe and detailed regulation, of which we will mention some points that we consider *worth mentioning:*

Conditions to be fulfilled by corporations applying for listing: these conditions are designed to help the Exchange to evaluate the importance of the corporation. Its corporate object should be such as to qualify for having access to public savings. It must also have an adequate organisation to enable it to have reasonable prospects of success, and it must fulfil the requirements of the listing rules and regulations.

Within this kind of information we may make a change in corporate objects, change of corporate names, capital increase or reductions, merger with other corporations, all of which should have the prior consent of the exchange. All these requirements are meant to keep shareholders well informed and to protect minority shareholders.

The rules and regulations of the Stock Exchange include disciplinary measures which comprise from a reprimand to the cancellation of listing. These measures could be applied to those corporations which violate the provisions of the listing regulation, or the laws, or to those which operate in a distorted market. As we have said before, listing suspension and cancellation can be judicially appealed.

To fulfil its register duties, the Exchange is in charge of the entering and registration of quotations at the time operations on the floor are closed.

Once a transaction is agreed, it is recorded on the blackboards and registered in the Buenos Aires Stock Exchange's records. As regards disclosure, the Stock Exchange publishes a newspaper where transactions are published together with their amount and price in the sequential order in which they were carried out during each session.

Apart from the publication of quotations, the Stock Exchange makes other disclosures which could be divided in two groups: one, is the fulfilment or non-fulfilment by the corporations of the Exchange's listing rules and regulations. As soon as an especial development takes place in a corporation, the Exchange makes it publicly known on a special blackboard and publishes it in its newspaper. The newspaper also publishes balance sheets and annual reports, calls to meeting of shareholders, dividends, capital issues, etc.

ARGENTINA X

Profile: Jacobo Silverman

Victim of the regime

JACOBO TIMERMAN has always had the image of a sharp—*not to say ruthless*—businessman, and a newspaper publisher of something approaching genius. For the past two decades in particular he was the most visionary figure in the always turbulent and sometimes brilliant world of newspaper and magazine publishing in Argentina. Learning the trade on the serious evening newspaper La Razon he started on a career during which he launched his own publications, most of which distinguished themselves for their punch and popularity. In the early 1960s came Confirmado, a weekly in the style of Time magazine. After bringing it to the top of the market, he disposed of it only to found a rival, Primera Plana, to which he attracted some of the stars of journalism who had worked with him on Confirmado. Primera Plana also came to the top and was in its turn disposed of. Then came Timerman's most daring venture, a daily tabloid modelled very closely on the Paris daily Le Monde. Again the stars of journalism flocked to the editorial offices of La Opinion in Calle Reconquista in the old part of Buenos Aires. "You are trying to bring out an Argentine version of Le Monde," one acquaintance remarked to him at the time. "It's not a version," Timerman riposted. "It's a faithful copy."

It was in appearance a faithful copy of the French daily. It had the same lack of photographs, the occasional graph or diagram, the same tabloid form and the same intellectual style of writing, which, however, never sank to the pompous longwindedness of much of the Argentine Express. The masthead of La Opinion was even cast in the same Gothic type as Le Monde's in Paris.

During the time Timerman was at the helm La Opinion never wrote—perhaps never wanted to write—with the same boldness and objectivity as its model. *Many times successive* governments limited the freedom of the Press, and then, as now, journalists were conscious that an excess of plain speaking left them liable to swift assassination or lingering torture and imprisonment. Despite that the Daily was the most refreshing read of all the Press in Buenos Aires, provided always that the reader realised that he was not being told the whole truth.

Timerman's staff on his successive publications tended to loathe him for his opportunism, detested him for his brazen ruthlessness in business and always admired him for his never failing talent for producing the best newspaper that could be produced in the city. Timerman never had any qualms about halting ventures and firing staff when it appeared that a publication was going to lose money. One daily newspaper in the western provincial city of Mendoza was aborted shortly after takeoff, and a few score people who had been recruited in Buenos Aires suddenly found themselves without work in a strange town.

At no point in his career did Timerman hide his Jewish faith or his support for the cause of Zionism. His Zionism, however, was never so intense as to make him want to quit the intense and glamorous life he led in Buenos Aires and go and live in Israel, and he never let his publications become blatant propaganda sheets for the Zionist, anti-Arab cause.

Born near Kiev 57 years ago of parents who emigrated with him to Argentina, he seemed driven to make a prominent mark in the country of his adoption. These were characteristics he shared with the controversial banker David Griaver, who was also of Eastern European origin. Gravier and Timerman were associates and Timerman assuredly knew of the relationship that the former forged with the Montonero Movement, the radical group of Peronists who were originally used and acknowledged and later disowned by the ageing General Peron and who were subsequently outlawed and went underground as a guerrilla *organisation.*

Gravier disappeared after the aircraft in which he was travelling crashed into a mountainside in Mexico three years ago. He was widely said to have continued to be the financial agent of the guerrilla movement even *after it had been outlawed.* On April 15, 1977 at two o'clock in the morning, Timerman was arrested by agents of the military junta headed by General Videla. For some days the government denied knowledge of his whereabouts. He surfaced briefly at the central police headquarters in Buenos Aires, disappeared once again and surfaced a second time at the prison of La Plata, a city an hour's drive from the capital. During this time he was being interrogated extensively, his interrogators making continuous use of electric shock methods. After about six months in detention he faced a military tribunal, which cleared him of charges of having been involved in guerrilla activities or "subversion" as the military junta terms the opposition. He was not, however, released.

Cleared

On July 20 last year the Supreme Court ordered his release, seeing that he had been cleared of charges and no new accusations had been made against him.

He has been detained up to the time of writing with no charge made against him. He is confined to his flat on the 15th floor of a smart apartment block in the expensive residential area of the Barrio Norte of Buenos Aires. Legal experts say that there is no regulation, even among the battery of regulations which allow the junta to do virtually what it pleases in Argentina, which allows his confinement.

He is not even formally "placed at the disposition of the Government" a procedure which allows the military to detain whom they want for as long as they want.

It is clear that one of Argentina's best-known publishers is held at the whim of officials, and it is becoming increasingly clear that the anti-semitsm which is widespread in Argentina, particularly among the officer class, is responsible for the situation.

For a year three police have occupied the flat where Timerman is imprisoned, three more have been at the door and a further three have sat in a patrol car at the door.

The captive is allowed the occasional visitor and on rare occasions the use of the telephone, but he is not allowed to go down to the street. The *strain of having three police in* the flat occupying many of the rooms and eating from the Timermans' refrigerator has taken its toll of the publisher's wife, Risha, who recently left for Israel.

President Videla has been *deaf to the pleas for Timerman's* freedom, which have come from right across the international political spectrum, from some of the opponents of the junta, from the U.S. Ambassador, from Amnesty International and from a host of conservatives who could never be accused of sympathy with the Left: Professor Milton Friedman, the economic adviser of the Chilean junta; Aleksander Solzhenitsyn; and Herr Franz-Josef Straus, the Bavarian political leader.

On April 17 the distinguished columnist Manfred Schonfeld, writing in the conservative daily La Prensa, pointed uncompromisingly towards anti-Semitism as the principal reason for Timerman's continued imprisonment. "There are sectors in the country," Schonfeld wrote, "which are not only racialist but are so in a virulent form and which are also acquiring increasing influence." He went on to point to the links which are often made between Nazi elements and certain military personnel.

Despite informal assurances from General Videla and General Viola, the army commander, that Timerman would be released on the second anniversary of his imprisonment this month, he has been kept *inside.*

H.

Profile: Ralph Emery

Oilman, banker and impresario

IT WOULD be a foolhardy businessman who claimed to know more about trade links between Britain and Argentina—indeed between Britain and Latin America as a whole—than Ralph Emery. Having made one career in oil he became a banker, started the London representation of the Banco de la Nacion Argentina in 1973 and, having stepped down from the senior position at the bank in 1978, continues as manager for public relations and outside contracts.

Mr. Emery read French and Spanish at Christ's College, Cambridge, joined Shell and in the 1930s found himself with a cash float of £100 and a few bottles of sample oils to hawk round Shell's agents and customers in the area of Nueve de Julio, a country town in the province of Buenos Aires. "They were fairly basic products," he recalls, "No one worried too much about viscosity, you just had a row of bottles, Heavy, Medium Heavy, Medium, that sort of thing."

After *a few months of* covering his beat by train he was allowed a car in which he travelled to the estancias of his area. The early years in Argentina, which he says enabled him to get his first intimate knowledge of Argentine farming at its roots, were only the prelude to decades of work dealing with Shell's business in the region. After a first spell in Argentina came time in Montevideo, then a refresher course in the U.S. with Shell Oil, where he first saw an integrated operation with production, refining and marketing all being carried out by one company. Back then to Peru and Mexico, where he was responsible for negotiating the final settlement of the dispute over the Mexican nationalisation of Shell's Mexican Eagle assets, which had led for a time to the breaking of diplomatic relations between Mexico and Britain.

Back then in 1950 to be President of Shell Argentina. The early 1950s saw the beginning of the end of General Peron's first period of rule in Argentina and the death of his second wife, Evita. I asked him whether he felt the current musical reflected anything of the spirit of the age in Buenos Aires.

"I don't think it reflects the egoism — no, rather the vindictiveness—of Eva Peron," he says "But then perhaps it wasn't meant to."

By 1953 he was on the move again, this time to Brazil and Rio. He confesses to some nostalgia for the Brazil of those times. "I had a flat overlooking Botafogo Bay and the Sugar Loaf Mountain and every day I would get up, look out of the window and say to myself, 'It can't be true. Nowhere in the world can be as beautiful as this.'" At that time, before the fast growth of more recent years Rio de Janeiro was still bigger than Sao Paulo and everyone speculated about when Sao Paulo would overtake its rival.

Ralph Emery's time in Brazil coincided with the first years of the state oil company Petrobras and the general hotting up of the rivalry between the state oil companies in Latin America and the private oil concerns. Today he takes a philosophical view of the national aspirations of the countries of Latin America to exploit their own natural resources and says that the oil companies are made up of "patient, pragmatic people who have to live with reality."

He adds that he believes that the time is ripe for a period of co-operation on realistic terms between the state oil companies and the foreign concerns in Latin America.

In 1953 he returned from Rio to London for the final period of his time with Shell as coordinator for Shell International for Latin America.

"I qualified for a pension and thought I should try something other than oil," he says, as though his new start in banking was something of a beginning of a new life. After Shell he went to Samuel Montagu and later to Wm. Brandts as adviser on Latin America and Spain, before being asked by the Argentines to start the first operation of the state owned

CONTINUED ON NEXT PAGE

A meat processing line in a Buenos Aires factory. The Argentinians have overtaken the Uruguayans as the world's largest consumers of beef

World record beef eaters

THE ARGENTINES are conservative in their gastronomy, to the point of being unimaginative. And they are getting more so instead of less. Last year, the per capita consumption of beef by the Argentines, notwithstanding rising prices, increased to 83 kg, and apparently surpassed that of their neighbouring Uruguayans, who had long held the record as the world's number one beef gorgers. The smell of Buenos Aires at midday, with a surfeit of asado de tira, vacio and chorizos roasting over wood embers at countless construction sites, must be disquieting to any devout Hindu or convinced vegetarian.

There are nearly 4,000 restaurants in greater Buenos Aires, but only one is macrobiotic and only one is vegetarian. As though it expected to be raided by the police at any moment, the single vegetarian restaurant has hidden itself away, with its 20 tables around an inside courtyard in the Plaza, once the Jewish district.

The Italian influence in Argentina is strong, not to say overwhelming. There is more Italian than Spanish blood in the collective veins of the Argentines. All three members of the military junta are of Italian descent — Viola, Lambrushcini, Graffigna. A result of this pervading Italianism is that the Sunday midday meal of pasta—ravioli, fettuchini, capelleti or tallerine—has become a tradition with the Argentines. But if the Sunday pasta is not accompanied by estofado, inevitably beef stew in Argentina, it is followed by a separate beef dish.

The Argentines' high intake of beef and, inevitably, animal fats, is widely blamed for the high incidence of blood disorders, gout, liver and kidney diseases, heart attacks, high blood pressure and cancer among them. In March, Catalonian dietician Ana Maria Lajusticia, as always on a crusade for us to consume more magnesium (according to Sra. Lajusticia, a latterday Catalonian proverb is: "Without magnesium, we are no one. Without magnesium life is not worth living." Said of the Argentines' penchant for devouring bifes at any time of day or night: "A people which is so carniverous should know that they are polluting their blood with urea and disturbing their livers, their kidneys and their eyesight. Go ahead and eat your famous biefe de chorizo. Yes, by all means. But cut off the fat."

A great doubt as to whether experts practice what they preach emerged in Buenos Aires in October last year when the 7,000 delegates to the International Cancer Congress were served with — and pretty well consumed at one sitting—20,000 Chorizos, a particularly fatty sausage, 12,000 blood sausages, 800 lengths of a beef rib cut, 200 lambs, 200 kg of sweetbreads, 2,000 lengths of chitterlings, 5 tons of delicacies including lobster, crab, turkey and suckling pig, 20 kinds of cheese, other assorted cold cuts, 1,000 bottles of champagne, 500 bottles of fine wine, 800 bottles of whisky, 1,000 litres of beer, 2,000 bottles of soft drinks; also 1,500 kg of bread.

The efforts of officialdom—this Government and previous ones—to get the Argentines to eat any meat but beef has been an uphill struggle. Last year, the per capita consumption of pork and mutton increased, but only slightly, to nine and five kilogrammes per head, respectively. The same has been the case with fish, which abound in Argentina's magnificent rivers, lakes and territorial waters (200 miles wide and 1,500 miles long in the Atlantic Ocean). The Argentine navy and coastguard diligently police the territorial waters to keep out poachers, especially fishing fleets from Iron Curtain countries. But the Argentines on the average ate only 8 kg of fish each in 1978.

A peculiarity of the gastronomic scene in Buenos Aires now, as before—and a mystery too in view of the constantly rising cost, in real money, of eating out—is the opening of new restaurants. Dereck H. N. Foster, the English-language Buenos Aires Herald's caustic food and wine critic, who sometimes seems to be carrying on a one-man campaign to improve Argentine cuisine, wrote recently: "If there is one thing that is never lacking in BA it is novelty. Not that much of this novelty is worth writing about, even in a superficial manner . . . Italian restaurants are a dime a dozen in this city and few are worth any particular attention. . . ."

A besetting ailment of Buenos Aires restaurants is their tendency to be erratic in the food they serve and in the expertise with which they serve it. The only constant any more is the steady increase in prices. By way of saving on printing costs, many restaurants list their prices on the menu in pencil: easily erasible. The general unreliability of Buenos Aires restaurants in matters having to do with quality is usually caused by the quick turnover of cooks, other staff and even owners—a phenomenon seemingly more pronounced here than in other large cities. There are exceptions, of course, but they are no guarantee of lasting quality. Some Buenos Aires restaurants which have not changed ownership or staff for 30 years maintain undeserved fame with stultifying menus which never change either.

Contributing mightily to the price of a restaurant meal in Argentina is the wine. In fact, Argentina's chance to export this part of its gastronomy—its increasingly excellent wines—is being ruined by rocketing prices. A spokesman for Vinos Argentinos, a company which is trying to export some of the better local wines, told me the other day: "We have priced ourselves out of the market."

This seemed to be confirmed on April 17 by David Stevens, of Matthew Clark and Sons, the company which imports Argentine wines into Britain. Mr. Stevens said in Buenos Aires: "Argentine wine is now disproportionately more expensive than Italian, Spanish, Greek, Bulgarian, Romanian and Hungarian wines, and those of the rest of the world, and thus will lose the British market, where we had such a hard time launching it."

R.L.

Oilman

CONTINUED FROM PREVIOUS PAGE

Banco de la Nacion Argentina in London.

Mr. Emery got the Bank involved in a number of consortium loans, some of which it co-managed, including a $75m issue for SEGBA, the Buenos Aires power company. The bank was involved in a good deal of business outside Latin América, including issues for Spain and Portugal and Sonatrach in Algeria.

Last year he handed over the running of the Bank to an Argentine colleague, staying on as a "contact man." But as people in the musical world know well there is more to Ralph Emery than oil and banking. Since 1962 he has shared the responsibility of the English Bach Festival with his Greek-born wife, Lina Lalandi. The Emerys have provided a financial cushion for the Festival since its inception. "We sometimes had to put up a bit of money, which we sometimes got back," he says.

The Festival has grown from an event which originally sought to have Bach's music performed by orchestras producing sounds faithful to those of the period of the composer's era. "The Festival was at the beginning of the whole movement in England of playing music on instruments authentic to their period," he says. This year's productions include an opera by Rameau, which receives its first performance at the Queen Elizabeth Hall on May 1. "It's one of those passionate things," he says in a quiet tone which belies his commitment to and absorbtion in the Festival.

H.O'S.

Border rivalries cool down

THE MAIN preoccupation of Argentina in its global strategy is, inevitably, Brazil. Not only are the two countries South America's giants; they share a common border.

The rivalry between Argentina and Brazil has existed from colonial times when neither was an independent republic. The friction between them today over the development of the upper Paraná River is a case in point: Brazil objects to the height of the dam which Argentina proposes for its programmed hydro-electric project (jointly with Paraguay), at Corpus on the Paraná River, maintaining that a dam of such size would reduce the efficiency of the Itaipú hydro-electric scheme which Brazil is building upriver with Paraguay.

"The game of pressures and counter-pressures in the River Plate basin by Brazil, at times in partnership with Paraguay, is part of the geopolitical action which dates back to the Portugese Empire," says Sergio Cerón in the Buenos Aires daily, La Opinión.

Referring to the question of the size of the dam at Corpus, Sr. Cerón concludes: "The wager is much higher. It is levelled at the question of who will dominate the River Plate basin, which is the Ruhr Basin of Latin America. The challenge is geopolitical and, as such, must be accepted."

Now that the conflict between Argentina and Chile over the Beagle Channel has been shelved indefinitely—with the mediation of Pope John Paul II—the River Plate basin once again is the number one priority of Argentina in its geopolitical thinking. The director of Argentina's Institute of Geopolitical Studies, Augusto B. Rattenbach—a retired army colonel—says so with emphasis: "The first, indeed red-hot, area is the River Plate basin."

Despite Paraguay's policy of, at times, playing off Argentina and Brazil against one another, Argentina's efforts to maintain optimum relations with the other three River Plate basin countries—Paraguay, Uruguay and Bolivia—have been for the most part successful. Now that the Eximbank, after refusing Argentina a loan to buy Boeing jets for Aerlineas Argentinas because of Videla regime's human rights record, has approved a loan for Yacyreta-Apipe hydro-electric scheme, (another planned joint venture between Argentina and Paraguay on the upper Paraná River), co-operation between the two countries is moving ahead again.

Vital

There also is the consideration that 65 per cent of Paraguay's exports are marketed with Argentina. 50 per cent of them through the port of Buenos Aires.

Peru, although on the Pacific Ocean and not within the River Plate basin, is vital to Argentina geopolitically. Col. Rattenbach comments: "Peru always has been a special ally. Moreover, Peru—and I am interested that the term be interpreted precisely—is a strategic compensator of the first category for Argentina, just as Chile is a strategic compensator for Brazil." He repeats: "Peru is a country of the first priority for Argentina."

When it looked as though Argentina and Chile would go to war over the Beagle Channel dispute, Argentina looked to Peru and Bolivia as natural allies. Both these neighbours of Argentina have serious standing grievances with Chile originating in the 1879-1881 War of the Pacific, in which Chile annexed two provinces from Peru and took away Bolivia's outlet to the sea.

Argentina denies that in the months leading up to the climax of the Beagle dispute with Chile, in December last year, it forged an anti-Chile alliance with Peru and Bolivia.

But it was a period when Argentina installed a test nuclear reactor near Lima, and promised Bolivia nuclear technology, and when Bolivia broke diplomatic relations again with Chile, claiming that the Pinochet regime was not serious in talks supposedly aimed at returning to Bolivia its outlet to the Pacific.

In November, 1978, the Peruvian Foreign Minister, José de la Puente, while on a visit to Santiago, Chile, denied the truth of a report then circulating that Peru had declared its neutrality in the Beagle Channel dispute. Brazil, generally conceded to be pro-Chile in the dispute, was, however, meticulous in denying it repeatedly.

Argentina's threat to take armed action against Chile in the dispute in the Beagle Channel — which is at the southern tip of South America where the waters in the region are considered by Argentina to be its gateway to the Antarctic —reflected this country's determination to keep the sea lanes open for trade with the Far East and Australia.

Argentina's claim to sovereignty over the Falkland Islands, a British Crown Colony which Argentina calls the Malvinas Islands, is also tempered by thoughts of assured access to Antarctica, a continent which holds out promises of untold riches for the future.

There is avid interest in the Foreign Ministry in the outcome of the British General Election. There is a belief in Argentina, surely unfounded, that the Tories when in power are more adamant in upholding Britain's continued sovereignty over the Falkland Islands than is Labour.

Argentina well realises the disadvantages, in its rivalry with Brazil, resulting from its low population (barely more than 25m) and the birth rate, which is one of the lowest in the world.

While the Government of Brazil, which has a growing population of 110m, is in the process of initiating a birth-control scheme, appeals to the Argentine populace by successive governments for an increase in the birth rate have come to nothing.

Immigration

Another retired army colonel, Horacio Ballester, who is on the board, with Col. Rattenbach, of the Institute of Geological Studies, sees massive immigration as the only solution to Argentina's demographic dilemma.

"We cannot expect a solution solely through the vegatative growth of the population, he says, adding that immigration from Chile, across the cordillera, is the only salvation for Patagonia, the most sparsely populated of Argentina's many sparsely populated spaces. The Chileans, says Col. Ballester, "are the ones who are the nearest, the ones who want to come and the ones who already are acclimatised to work in that region."

But the Argentines see a problem with Chilean immigration. Many of the Chileans who already are in Patagonia (an inclement, windswept expanse where most Argentines refuse to live and work) maintain their close affinities with their native land, whether they have Argentine papers or not.

During the Beagle Channel crisis, Chileans in Patagonia especially were widely accused by the Argentines of constituting a fifth column—"spies in our midst."

But Col. Ballester says that the problem is not the influx of Chileans into Patagonia, but that there are no controls on their immigration. He relies on Argentine Government controls, as well as communications, paved roads, air fields, ports, radio and television to make good Argentines of the Chilean immigrants—and of the Bolivian immigrants in the north-west and the Paraguayan immigrants in the north-east.

The Argentines' need to populate their country, and in so doing make full use of its natural resources, is probably the prime consideration behind the Videla's regime's ambitious plans—in many instances still not well defined, for development.

The National Nuclear Plan, approved in January, is a case in point. The nuclear plan is the best chartered of all the development plans. The only Latin American country so far with a functioning nuclear power reactor, Argentina will have a second one working by the end of 1981 and has earmarked $10,000m for the installation of four more of them, plus a heavy water plant, by 1997.

Argentina's decision to install a heavy water plant as soon as possible—because the line of reactors for which it has opted uses natural uranium, which the country has in appreciable quantities, and so must have heavy water for the moderator —has caused a considerable stir in Europe and the U.S.

The State Department has voiced its "preoccupation." Argentina has not signed the 1976 Tlatelolco (Mexico) non-proliferation treaty, and last month, the president of the National Atomic Energy Commission, Rear Admiral Carlos Castro Madero, announced that Argentina is ready to renounce any further technical assistance from that entity (although it will not withdraw from the International Atomic Energy Organisation), "because of the hindrances put up by the more developed countries and the excessive restrictions on the interchange of technology."

He added that Argentina will continue to offer its experience to other Latin American countries interested in developing their own nuclear capability. He also said that Argentina is interested in plutonium technology "which could double our uranium reserves and make possible the utilisation of a new generation of power plants, using plutonium, in the 1990s."

Reactors

In other words, Argentina wants breeder reactors which are capable of producing the radioactive fuel which they use.

Admiral Castro Madero said that Argentina's nuclear plan has only peaceful ends and rejected a reporter's mention that Argentina is the "nuclear leader" in Latin America — "The phrase is irritating because of its connotations. It tries to create a competitive situation between our country and Brazil . . . both nations have elaborated their own nuclear plans in direct relation to their needs and realities."

The admiral added that whether Argentina one day will make an atomic bomb is "an eminently political decision."

R.I.

Party games with capital taxes

BY CEDRIC SANDFORD

Whatever the result of the General Election, changes in British capital taxation are almost certain to follow. They will differ greatly, though, depending on who wins on May 3.

A Labour Win

A Labour victory would bring the most marked change: the introduction of an annual tax on net personal wealth over £150,000. The idea of a *wealth tax* had been around in Labour Party circles at least since 1955 and it appeared in both 1974 Labour manifestos. Why then, after nearly 25 years of talk, and five of Labour Government since its manifesto *commitment*, do we still not have a wealth tax?

The *story is worth re-telling*. Mr. Denis Healey, the Chancellor of the Exchequer, pledged himself to the tax in his first budget. A Green Paper, notable for its vagueness, appeared in the summer of 1974. A House of Commons Select Committee took evidence during 1975. It failed to achieve a majority report, but the various minority reports had much in common and a mass of evidence was collected. Thus, in the autumn of 1975, the basis for legislation was there if the Chancellor had chosen to act.

At this point Mr. Healey's resolution wavered. In December 1975 he announced that because the Select Committee had taken "a good deal longer than the Government had hoped" and because of "the many issues involved" he could not propose legislation during the current session. The following year he indicated that he was not proposing to introduce the tax during that Parliament. Any hopes Mr. Healey may have had that the tax could be interred quietly were quickly dashed. A working part was set up by the TUC/Labour Party Liason Committee to seek practical ways of introducing a wealth tax.

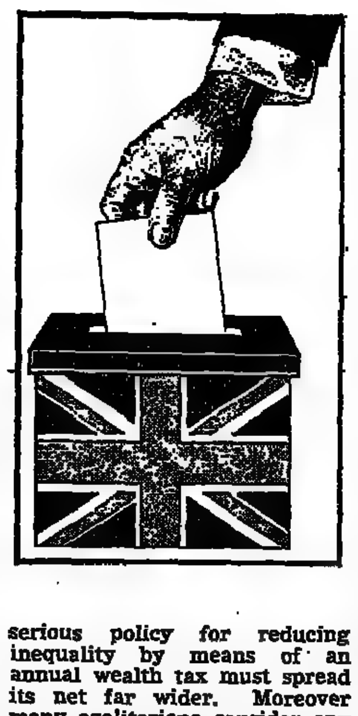
The working party's report was endorsed by Mr. James Callaghan, the Prime Minister, and other members of the cabinet in December 1977. Its recommendations are thus a clear indication of Labour's proposals (the details of which are not included in the Manifesto) *except that the threshold*, set at £100,000 in 1977, was raised to £150,000 in July 1978 in a later agreement of the TUC/Labour Liaison Committee. The report proposed the family, rather than the individual, as the tax unit: *rates rising from* 1 per cent to 5 per cent (on wealth over £5m) with no ceiling provisions: relief for small businesses, working farmers and forestry on the same lines as CTT; full exemption for heritage property *subject to reasonable public* access. The value of accrued pension rights was to be excluded from the tax base. The introduction of a wealth tax, it *was suggested*, might make possible some reduction of income taxation on *earned* income.

Two main arguments for a wealth tax were set out by Mr. Healey in the foreword to the Green Paper. The first is an *argument of equity*. Wealth gives its possessor advantages over and above the income derived from it, such as security, independence, opportunity. An equitable tax system must take account of this taxable capacity. Income tax differentiation, as in the UK, is an imperfect way of achieving the equity objective because it fails to tax wealth such as jewellery, which yields *no money income*, and it taxes inadequately wealth which yields little income but generates capital appreciation. Hence income tax should be supplemented by a wealth tax.

In theory this argument is strong. It breaks down in practice because wealth taxes inevitably generate their own forms of inequity. Some assets, like personal valuables, are easily concealed from the taxman whilst others are not. Some like stock exchange securities, can readily be valued at market price, others like land and private businesses cannot and in practice are generally undervalued. The exclusion of pen*sion rights creates major unfair*ness between persons, especially in inflationary times. Such inequities affect all existing wealth taxes; Labour's proposals are worse, for they completely deny the principle of equity. *The logic of the equity argument* is the replacement of the investment income surcharge by a wealth tax. But the vast majority of wealth-holders would be below the threshold of £150,000, which is at least three times as high as that of any Continental wealth tax, and they would still be left paying surcharges on unearned income. Where is the equity for them?

The second argument, and that most stressed by Labour, is that wealth taxes reduce inequality in the distribution of wealth. Labour's proposals *would contribute to this objective* both by reducing the wealth of the very wealthiest and by encouraging them to emigrate. But is the target right? *The Reports of the Royal* Commission on the Distribution of Income and Wealth have revealed a very marked decline in the proportion of wealth held by the top 1 per cent of wealth holders (from 28 per cent of total wealth in 1960 to 18 per cent in 1975); but the proportion of wealth held by the top 5 per cent, or the top 20 per cent, has fallen much less.

Yet a wealth tax with a threshold of £150,000 would affect only a fraction of 1 per cent of top wealth holders, the very section where wealth holding has declined most. Any



serious policy for reducing inequality by means of an annual wealth tax must spread its net far wider. Moreover many egalitarians consider any wealth tax an unsuitable instrument for promoting equality because it is *insufficiently discriminating*. Wealth is taxed equally irrespective of source: whether acquired by hard work, saving and enterprise, by inheritance, *or by winning the* pools.

A threshold as high as £150,000 has distinct advantages. It would alienate fewer electors, be easier to administer and have less serious economic repercus*sions than a wealth tax with a* lower threshold. None the less the economic detriment would be real. Many of those affected would be paying wealth tax and income tax combined at a marginal rate above 100 per *cent of income; some would be* paying at an average rate of over 100 per cent. Assuming a 10 per cent return on wealth a 1 per cent rate of wealth tax is equivalent to a 10 per cent income tax, a 5 per cent wealth tax to a 50 per cent income tax. *At that rate of return on* wealth, at present income tax rates, and allowing the investment income surcharge to be offset, the maximum marginal rate of income tax and wealth tax combined would be 133 per cent. *Any ceiling provision* (limiting the proportion of income taken in income tax and wealth tax combined) was expressly ruled out by the Labour Party/TUC agreed proposals.

If marginal tax rates exceed 100 per cent of income, saving is futile; if average rates exceed 100 per cent of income, saving is impossible. The only *benefit to the wealth holder* from trying to restrict consumption is to reduce the rate at which his property declines. Such a wealth tax must be expected not only to reduce savings amongst the rich but positively to promote dissaving: the rich may well start consuming more of the cake, not less. Such tax rates also constitute a strong incentive to evade.

The concessions to agriculture and to private business will reduce the impact of the tax on productive assets. But at present farm values many owner-occupiers would come within the clutches of the tax *and might feel obliged periodically* to sell some land to retain the rest, reducing the viability of their farms. Although the tax might cause land prices to fall sufficiently to take some farmers out of its orbit, a substantial drop might generate bankruptcies among recent buyers. Building up a private business would become more difficult, and a wealth tax would *still have to be paid (even if* on a lower value) when profits were small or negative. Mr. Harold Lever, the minister with special responsibility for small business, has not hidden his dislike for a wealth tax.

Add to these demerits the abnormally high collection costs for little revenue and the *psychological* damage to business confidence at a time of heavy unemployment and high inflation, and it is little wonder that Mr. Healey sought to drop the tax.

A Tory Win

In a negative way the Conservative Manifesto is wholly *explicit*. "We reject Labour's plan for a Wealth Tax," it says. But the positive Conservative proposals are coy: "We shall deal with the most damaging features of the Capital Transfer and Capital Gains Taxes, and *propose a simpler* and less oppressive system of capital taxation in the longer term."

Conservative policy, no less than that of Labour, has reflected differences of opinion. Mrs. Thatcher, as a Shadow Chancellor bidding for the party leadership, castigated Capital Transfer Tax in the House of Commons. "We shall therefore repeal this tax," she said on *January 21, 1975*. *Not long* after, her Treasury shadows were seeking to disengage from the commitment by talking of "removing the teeth" from CTT whilst taking an unhurried look at possible long-term changes. *That the promised* "Opposition Green Paper" on capital taxation failed to materialise almost certainly reflects differences of opinion *within* the party. Thus we can only speculate about forthcoming changes.

First, the more immediate changes to CTT. Since Mrs. Thatcher's pledge of January 1975 much has happened. The *Government* has conceded lower rates for life-time gifts than for property left at death. Subsequently substantial concessions were granted to agriculture and industry, the zero band limit was raised to £25,000 and the annual exemption to £2,000. Tax free transfers between husband and wife *effectively double the limits* for a married couple.

The *scope for avoidance* is hardly less than under estate duty. Indeed, OECD figures* show that whereas in 1965 the old estate duty contributed 2.6 per cent of total tax revenue, the equivalent of 0.81 per cent of GDP, in 1976 *only* 0.87 per cent of UK revenue came from death and gift taxes, equivalent to 0.32 per cent of GDP. In the OECD league of the ratio of death and gift tax revenue to GDP: Britain was top in 1965; by 1976 *it had fallen four* places.

With Mr. Healey proving such an effective dentist it is difficult to see that more extraction is required. Apart from a more generous basis of relief for *maintenance funds* for the support of heritage property, to which the party is committed, one possible change is a reduction of the cumulation period, *say from lifetime to 20 years* or 10, during which a donor's gifts are aggregated for tax purposes.

The most "damaging feature" of Capital Gains Tax (CGT) arises from inflation: CGT may be levied on a money gain even when there has been no real gain. Mr. Nigel Lawson, an opposition spokesman on Treasury affairs, has pressed the Labour Government to inflation-proof the tax by indexing the acquisition price of assets in *calculating the gain*. The Government rejected this solution and instead eased exemption limits. Some indexation may be introduced by the Conservatives or they may go further along the easier but less logical path of exemptions and lower rates.

In the longer term the most interesting issue is whether the Tories would retain a donor-based capital transfer tax or switch to a donee-based gift and inheritance duty where the tax falls on the recipient of a gift or legacy. There is an honourable Conservative tradition favouring inheritance tax.

Lord Randolph Churchill, Balfour, Winston Churchill and, more recently, Lord Barber were all sympathetic to it.

A donee-based tax would be entirely in line with the Conservative philosophy of seeking both to curb the State and promote a property-owning democracy. Whereas a donor-based Capital Transfer Tax reduces inequality solely by transferring property from the wealthy to the State, a donee-based tax acts as an incentive for the wider diffusion of property within the private sector: unlike CTT, with a donee-based tax the more *widely* a man *spreads* his wealth, the less the tax on it.

A Draw

If neither party gains an absolute majority then Liberal proposals may come into their own. The Liberals advocate a wealth tax, but one which would completely replace the investment income surcharge, and be part of a package designed to reduce income-tax rates dramatically. The Liberals also specifically propose to replace CTT by a *tax on gifts and legacies paid* by the recipient. There might be enough common ground for a Lib-Lab pact to produce a wealth tax allied to substantial *cuts in income-tax*. *Just conceivably* a Lib-Con agreement might replace CTT by an inheritance tax.

* The Taxation of Net Wealth, Capital Transfers and Capital Gains of Individuals, OECD, 1979.

Cedric Sandford is Professor of Political Economy and Director of the Centre for Fiscal Studies, University of Bath.

Letters to the Editor

A Treasury dream

From Dr. P. Cuff

Sir,—Your readers may be interested in a copy of a speech found recently in the lavatory of an Oxford College more famous than the one to which I belong. This speech, marked "to be delivered on Friday, May 4, 1979, and every five years thereafter," is too long to quote in full but I append a paraphrase:—

"Ladies and gentlemen, your votes have elected a new Government. You are entitled to know how it interprets your wishes. We believe first of all that you want less government . . . secondly you want government to control the disease of inflation that government itself generates . . . thirdly you want honest government. . . .

Accordingly every member of HMG will put his money where otherwise his mouth would be. A new bond will be issued, and every Minister will, as a condition of employment, sell all his investments and put the entire proceeds into the new stock. In addition each Minister will be required to invest annually 1/10 of his (gross) salary in the stock. No Minister may sell any stock before 1984, save—I apologise for the pun—in the event of death or resignation, and any Minister who attempts to evade his obligation to invest will be sacked. Finally, if the stock ever falls below its issue price, Ministers will permanently forfeit £1,000 of annual salary for every point fall. . . . The new stock will be called Treasury Dream 1984. . . .

With Treasury Dream '84 Ministers have the incentive to succeed. You should be given the opportunity to share in the benefits. So Treasury Dream will be open for public subscription until the end of the month. The amount on offer will be limited to my estimate of this year's CGBR which is . . . (gap in text). "After the end of the month no further funding will take place before April 1980, when the next, smaller tranche of the same stock will be issued. The days of debt stretching into the next century are over. The sooner the institutions realise this the cheaper will they purchase Treasury Dream. They will certainly appreciate the full implications of no more funding this year. . . .

You all have the chance now to lend money to a Government that is itself personally at risk. You can be confident that Ministers, and their friends in the City, will ensure the lasting success of the issue. . . .

Ladies and gentlemen, the Government's chief objective is mutual confidence and trust. . ."

At the end of the speech there is a pencilled minute: "Add point that interest payments will, of course, be tax-free (im*moral* for a borrower of claw back what he has agreed to pay). On price and coupon consult Carter via Jim's son-in-law and persuade him to make similar issue. If he were to agree we need pay no more than 5 per cent."

Dr. P. J. Cuff,
Pembroke College,
Oxford.

Aircraft and government

From Mr. J. Morrell.

Sir,—Ms. Hayman (Labour Party TV political broadcast, April 23) really should be more careful in her use of the Boeing Company to illustrate the benefits of long-term planning. Her point seemed to be *that private British aircraft* manufacturers are obsessed by short-term profits, and that only a Socialist Government could and would ensure investment for the future, if necessary, at some short-term cost to profits. What palpable nonsense. The deserved success of Boeing was achieved by a private enterprise corporation. On the other hand Mr. Wedgwood Benn, as the Minister responsible, committed this country to following through the financially disastrous Concorde programme which is now being ignominiously terminated.

One is tempted to go one *stage further* and compare the value that American airlines deliver to their internal customers under competitive private enterprise with the nationalised airlines of Europe. The *cost* per mile flown is, in my experience, well under half and in many cases one third of the European equivalent. Of even greater interest is that the Civil Aeronautics Board, the Government Department *which controlled* the airlines, is currently in process of winding itself down—having done its job.

American experience is in fact the strongest possible support for Mrs. Thatcher's view that government has become too big and has misinterpreted its proper role. In terms of both providing real long-term job opportunities and consumer *satisfaction the American lesson* is particularly clear, and we should perhaps be grateful to Ms. Hayman for making the point.

J. A. Morrell,
8, Crosby Square,
EC3.

Accountants differ

From the Executive Director, Society of Company and Commercial Accountants.

Sir,—The president of the Association of Certified Accountants has drawn attention (April 26) to the dominance of the major accountancy firms over the profession, and to the danger of Government inter-intervention in its affairs. He suggests that there is an urgent need to redress the balance between the international giants and the smaller firms, and mentions, almost as an aside, accountants who are not in *public practice*.

Some of us have always *insisted* that the distinction between the in-company accountant and the practising accountant and auditor was not recognised clearly enough within the structure of the profession, and have seen the two as *constituting* quite different professions. As between large and small practising firms there exists a similar gulf, and it may well be that there are three rather than two.

A profession whose organisation manifestly fails to reflect the functions and responsibilities of its members is one which probably, for quite irrelevant reasons, may fall all too soon into the maw of bureaucratic control. The professional bodies must seriously consider what business they are in if they are to continue in it for much *longer*.

R. H. S. Beacham,
Society of Company and Commercial Accountants,
40, Tyndalls Park Road,
Clifton, Bristol.

Dividend vouchers

From Mr. D. Senior

Sir,—Like many an investor I have been engaged in listing dividends and tax credits for income tax purposes. As it happens, I also have to inform *companies of a change of* address. The last year's dividend vouchers give most of the information I need for both purposes, but how time-consuming it is!

All the vouchers give the same information about the dividend payable, the tax credit, the sequential number of the dividend, the payment date and the company registrar's address. The style of presentation however seems to be almost entirely a matter of whim. Again most companies give a reference number to be quoted in correspondence, but not all do so, and some like to change it from one voucher to the next.

At the risk of being thought a kill-joy, may I suggest that it would save time and frustration if companies could be persuaded to adopt a common format, restricting the elegant variations to their titles and logos?

David Senior,
Kettlesing House,
16, The Willows, Chesham Bois,
Amersham, Bucks.

A Sheikh not in danger

From the Ambassador of the United Arab Emirates

Sir,—*Your article of April 26* entitled "A Sheikh in Danger" was a sad example of irresponsible sensationalism which is quite out of line with the standards of journalism we have learned to associate with your paper.

The dramatic picture painted in your columns of the United Arab Emirates in turmoil and, particularly, of a potential upheaval in the Emirate of Ras Al Khaimah, has no basis in truth whatsoever, and one can only assume very regrettably that innuendo, rumour and gossip has taken over from *informed* and detached reporting.

I have no intention of refuting each and every distortion and fabrication that the article contained, many of which are thinly-disguised in your own words by vague references to "speculation," "local reports" and other *tendentious* attributions.

I would like to simply assure your readers, who may have been led to believe otherwise by your article, that there is no "rebellion," active or dormant, in the United Arab Emirates. While differences may arise every now and then over details of policy (as is natural in a society where freedom of opinion and traditional values of individual expression prevail, and where widespread and often open and heated discussion, finally leading to unhurried mutual persuasion, is the cherished method of tackling social and national problems), these differences certainly do *not amount to anything* approaching the theme of your article. Outsiders who scarcely appreciate the subtleties and nuances of traditional Arab exchanges, *easily fall* into the trap of quickly shouting "tension," "crisis" and even "revolution" at the slightest misunderstood example of internal friction.

It cannot be more emphatically stressed *that no ruler or* citizen of the United Arab Emirates is less than fully committed to the idea of unity, and that the course of that union is steady and irreversible.

Incidentally, I would like to *add that such* developments as the reconstitution of the Cabinet cannot by any stretch of the imagination be construed as evidence of divisions and quarrels.

The reorganisation of Ministerial posts is a routine and recurring feature in our political life, and is part of a continuing process aimed at providing the best possible combination of *leadership at the* top of our political and civil administration.

Mohamed Mahdi Al-Tajir,
Embassy of The United Arab Emirates,
30, Princes Gate, SW7.

The plan for Brasilia

From Mr. G. Gervis

Sir,—The plan for Brasilia was not made by *Oscar Niemeyer*, as implied by Hugh O'Shaughnessy (April 24) but by Lucio Costa, who was not a "Marxist-Leninist." It was the result of a competition, one of the assessors being the late Sir *William Holford*. Niemeyer was the architect of many of the major buildings, starting with the presidential palace, and also of some of the housing.

That the aim of establishing the city during the five-year term of President Kubitschek was achieved, was a remarkable feat of determination and organisation. It is of interest that during this time Lucio *Costa chose to follow* the advice of the Italian renaissance architect Alberti to keep away from the works on site. This was to avoid practical matters relating to the construction interferring with the concept. He kept his office in Rio de Janeiro, and did not visit until *the end of the Kubitschek term*.

In fact, many fertile ideas in his plan were lost, including one for land shareholding within the superquadros. These were squares of land, mainly for residential use, without through traffic routes. Costa had envisaged a process of evolution within these squares in which housing plots would later be used *for multi-storey development*. The mechanism of land shareholding was to have been introduced to avoid some of the problems of speculative city development, common to Brazilian cities.

To equate the problems in the plan for Brasilia with those of doctrinaire *Left-wing thinking* is an inaccurate and unfortunate hindsight.

Guy Gervis,
126, de Beauvoir Road, N1.

Today's Events

GENERAL

UK: Official opening by Prince Charles of the first stage of *London Transport's Underground* Jubilee Line from Charing Cross to Green Park.

Prime Minister is Jimmy Young's guest on BBC Radio 2.

Mr. William Whitelaw, Tory Party deputy leader, on Robin Day election phone-in, BBC Radio 4.

World in Action (ITV) election special interview with party leaders and 500 electors.

Amalgamated Union of Engineering Workers' conference, Winter Gardens, Eastbourne.

Electrical, Electronic, Telecommunications and Plumbing Union conference, Conference Centre, Brighton.

Union of Shop, Distributive and Allied Workers' conference, Congress Theatre, Eastbourne.

Sir Derek Ezra, National Coal Board chairman, speaks at Coal Industry Society's 50th anniversary dinner, London.

Parking meter charges in the City of London rise 50 per cent to 30p an hour.

Overseas: Mr. M. Ohira, Japanese Prime Minister, arrives *in Washington for* talks with President Carter.

Herr Helmut Schmidt, West German Chancellor, meets Prime Minister Gaston Thorn in Luxembourg.

Japanese trade mission arrives in Amsterdam at start of European tour.

Sr. Adolfo Suarez, Spanish Premier, starts two-day official tour of Algeria.

COMPANY RESULTS

Final dividends: British Home Stores. Canadian and Foreign Investment Trust. City Hotels Group. *Comfort* Hotels International. Hunting Associated Industries. *John Laing*. Tootal. Interim dividends: Wellco Holdings.

COMPANY MEETINGS

See Financial Diary on page 36.

LUNCHTIME MUSIC, London

Piano recital by Geoffrey de Sarah at St. Lawrence Jewry-next-Guildhall, Gresham Street, 1 pm. Organ recital by Philip Berg at St. Michael's, Cornhill, 1 pm.

EXHIBITIONS

Bristol Boat Show opens (until May 6).

Offshore technology conference and exhibition opens in Houston, Texas (until May 3).

UK COMPANY NEWS

Consortium defends its tactics in SUITS-Lonrho battle

Another broadside was fired yesterday in the battle for control of Scottish and Universal Investments, currently under a £60m offer from Lonrho.

A joint statement issued by Mr. Bruce Fireman of Charterhouse Japhet, financial advisers to SUITS, and Mr. George Willett of Grievson Grant, the company's stockbrokers, hits out at Mr. "Tiny" Rowland's claim that the consortium offer to buy out Sir Hugh Fraser's family trusts' 9 per cent stake in SUITS at 200p a share is wrong.

The joint statement says that "anyone who believes an offer is too low is free to buy shares in an offeree company at any price he likes to assist the company to stay independent or to stimulate a higher offer."

Mr. Fireman said yesterday that the move to acquire the Fraser trusts' holdings was "not to foil the Lonrho bid but to help protect the vast majority of individual shareholders who do not want to accept the present bid. Lonrho wants SUITS so much that it will raise the price."

Mr. Willett said that "if it is argued that Lonrho's general offer will only succeed if the trustees (of the Fraser trusts) accept it in respect of their 9 per cent holding then it follows, as night follows day, that the vast majority of all other independent shareholders of SUITS, who represent 61 per cent of the equity, are against Lonrho's offer."

Mr. Fireman made it clear that he was not against a Lonrho bid in principal but was reluctant to settle at the current offer.

On Friday, a syndicate of eight institutions, organised by Charterhouse, offered the family trusts 195p per share and then 200p a share—both offers above the general Lonrho offer. But the trusts have indicated acceptance of the Lonrho bid worth 194p a share consisting of one Lonrho share plus 115p in cash.

The first offer, rejected by the family trusts, was approved by the Take-over Panel, and Charterhouse expects Panel approval for the second 200p offer, which is also likely to be

John Baker (Insulation) placing

Dealings start tomorrow in the latest company to make use of the Stock Exchange's unlisted securities market. John Baker (Insulation), which is a leading UK specialist in cavity wall and roof insulation has arranged a placing with the aid of Talisman Portfolio Management of £200,000 £1 preferred ordinary shares at £1.15 each raising £195,000 net.

A further 60,000 shares, allotted in consideration for the acquisition of the freehold of the company's head office have also been placed. The placing has been with about 150 individuals.

The directors will hold some 17 per cent of the deferred shares and chairman Mr. J. C. Baker, who founded the company in 1972, holds a further 350,000 deferred shares. These can be converted into preferred ordinary on the payment of 90p outstanding per share.

Financier, Mr. John Bentley holds about 4 per cent of the preferred shares and is a non-executive director acting in a "consultative" capacity.

In 1974 the company made a pre-tax profit of £36,222. The following three years were periods of losses and in 1978 there was a minimal £3,578 profit. The directors are looking for profits this year of not less than £50,000. They also forecast a final dividend of 9p per share, or 12p for a full year.

Mr. Baker says that the market is ready for a full recovery beyond the 1974 peak before restrictive building regulations in 1975 cut the entire industry back to around a quarter of its former self.

FT Share Information

The following security has been added to the Share Information Service appearing in the Financial Times:

Robert Mines (Section: Mines—Miscellaneous.).

GA chief attacks dividend policy

AN ATTACK on current restrictions on dividend increases is made by Mr. Harvey Stuart Black, retiring chairman of General Accident Fire and Life Assurance Corporation, in his statement with the 1978 report and accounts.

Although the company's earnings per share increased by 24 per cent last year to 36.3p, it still did not provide the necessary cover for a dividend increase of more than 10 per cent, because it failed to exceed the exceptionally high cover of 1973. This, says Mr. Black, highlights the anomalies and inappropriate nature of the current limitations on dividend policy.

As already reported the group made an underwriting profit in the U.S. for the first time since 1973 amounting to £4.9m and reduced the loss in the UK by half to £2.2m—leaving a small surplus on the world-wide underwriting result amounting to a marginal 0.2 per cent of premiums.

But the solvency margin at the end of 1978 fell from 61 per cent to 53 per cent, reflecting mainly the fall in value of the U.S. dollar and the effect of increasing interest rates on the market value of U.S. bonds in the portfolio.

The company, the largest motor insurers in the UK, incurred a loss in 1978 on its UK motor account. Mr. Black says that claims were more frequent last year quite apart from those resulting from the bad weather in the first and fourth quarters.

He refers to the latest increase in motor premium rates of 13 per cent from February 1, 1979, and warns that whether these rates can be held for a year depends on the trend of inflation.

The UK householder account continues to present the greatest underwriting problems and Mr. Black points out that there is still a large measure of under-insurance. The company has been forced to increase its rates for contents, which have stood unchanged for more than 50 years.

Looking to the current year, Mr. Black hopes for further progress backed by the benefit of increasing investment income, but such growth will probably be at a lesser rate than that achieved in 1978.

Mr. Black, retires after the AGM on May 23 to be succeeded by Mr. Gordon R. Simpson.

● comment

General Accident remains optimistic for 1979 and expects to hold last year's underwriting improvements despite the severe winters in the UK and the US. It is looking for a modest underwriting profit from America, and indications are that the first quarter (always a bad period) will record a smaller loss than usual. The group is still counting the cost of the UK's winter on both motor and property business and this is certainly going to be significantly more than the losses for the first quarter of 1978. But a recovery to a break-even underwriting position is expected for the rest of the year. The under-insurance problem is not so severe in the UK householder account, and the latest motor premium increases should help recoup the first quarter motor losses.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim:—Wellco.

Finals:—British Home Stores, Canadian and Foreign Investment Trust, City Hotels, Comfort Hotels (International), Charles Hill of Bristol, Hunting Associated Industries, John Laing, M. Mole, Scottish Heritable Trust, Tootal.

FUTURE DATES

Interims:—	
Brockhouse	May 23
Hawkins and Tipson	May 8
Finals:—	
Allied Plant	May 2
Altifund	May 2
Barrow Hepburn	†May 9
Bunzl Pulp	May 9
Central and Sheerwood	May 1
Guardian Investment Trust	May 3
Holt Lloyd	May 10
Minty	May 1
Sandhurst Marketing	May 10

†Amended.

Silhouette finishes up at £356,623

A lower second half deficit of £74,000 against £121,000 left Silhouette (London), foundation garments, swimwear manufacturer, with taxable profits ahead at £356,623 for 1978 compared with a previous £300,617.

At halfway the directors reported profits up from £421,617 to £430,623 on sales of £8.94m (£7.52m) and said that the second half should continue to show increasing sales, but the pressure on margins remained severe. Sales for the full period finished at £16.49m (£13.48m).

The directors now say that sales for the first quarter of the current year are similar to last year, but that the pattern of trade has been badly affected by the weather.

Earnings of 8.9p per 20p share against 10.19p are stated and the dividend is increased from 3.267p to 3.3165p net per share with a final payment of 2.5795p.

Babcock & Wilcox to increase capital spending this year

Babcock and Wilcox, the engineering and contracting combine, was committed to capital expenditure of £43.8m at the end of 1978, compared with £27.9m 12 months earlier. Of those amounts £36.8m compared with £25.42m had been sanctioned.

Expenditure in 1978 on new plant and facilities totalled £19.7m of which £7.8m was incurred in the UK. In addition capital spending on new businesses and investments was £2m.

The net liquid position of the group has changed from a positive £5.8m at the end of 1977 to a negative £8.2m at December 31, 1978. The £14m outflow was used to finance additional working capital resulting from increased overseas activity in the UK contracting companies and the FATA group of Acco.

Aggregate borrowings, however, declined from £68.4m to £62.1m including a movement from £50.1m to £28.6m in term loans. Of the £21.5m decrease £17m resulted from conversions of the 7 per cent bonds into paid up capital.

Sir John King, chairman, says that it is indicative of the success of this issue that since April 17, 1978 bonds to the value of $33.69m out of the total of $35m were converted resulting in the issue of 15.46m Babcock ordinary shares. This has significantly strengthened the group's capital structure.

As reported on April 12 group profit before tax increased from £32.28m to £39.56m.

Meeting, 116, Pall Mall, SW, May 25, at 12.30 p.m.

FINE ART

The directors of Fine Art Developments propose that certain of the borrowing and charging restrictions in the trust deed constituting the stock should be relaxed. It is not, however, proposed to increase the aggregate amount which the company may borrow overall.

In consideration for the relaxation of these restrictions, certain subsidiaries will guarantee the stock, and the interest rate will be increased by one-half per cent to 8½ per annum with effect from April 1, 1979.

Sun Life funds over £1bn mark

TOTAL FUNDS of the Sun Life Assurance Society passed the £1bn mark in 1978, reaching £1.01bn by the end of the year. Long-term funds rose by £132m to £887m, following advances of 21 per cent in premium income, to £163m, and in investment income, to £81m.

Mr. P. G. Walker, the chairman, reports that the society invested most of its new money in fixed interest security to take advantage of the high interest rates available. Some £51m was invested in this sector, compared with only £10m invested in equities. But he expects a high proportion of new money this year to be put in the equity market.

In a reference to reversionary bonus rates, Mr. Walker warns that, despite record levels being declared, long-term savings by life assurance are being inhibited by paying out the policy proceeds in a grossly depreciated currency. Policy holders would get a better real rate of return with lower levels of interest and inflation, even if this implied reductions in the bonus levels, he says.

Antony Gibbs declines

Disclosed group profit after tax of Antony Gibbs Holdings, the banker and timber product manufacturer, fell from £335,000 to £125,000 in 1978. But associate profits — up from £120,000 to £282,000 — took the net attributable surplus to £407,000, compared with £455,000.

The directors say that banking conditions were less favourable last year and the strong £ hit earnings from insurance broking in North America. They are looking for an improvment on the 1978 profits this year.

The dividend is pegged at 2.1962p with a final of 1.4812p. There is an extraordinary credit of £104,000 (£305,000).

At March 31, 1978, Hongkong and Shanghai Banking Corporation held 40 per cent of the ordinary shares.

Alfred Herbert in stronger position

Alfred Herbert, the National Enterprise Board's machine tool subsidiary, is "in a far stronger position than it has been for many years," Sir John Buckley, chairman, says in the company's annual report.

While he is not able to make a forecast for 1979, Sir John says, the company's position has been strengthened by drastic action being taken in major problem areas.

Last year the company incurred a net loss of £7.36m against a £342,000 profit in 1977.

Sir John says, it is evident that 1978 was a year of many changes, all needed, although some were painful. "It should also be seen as the point of completion of a three year process of change and adaptation to the harsh realities of the world machine tool market which has involved reduction of capacity, changes of product ranges and sales methods, and substantial capital expenditure on improved facilities and machines."

Laird opens with major orders

SIR IAN MORROW, chairman of the Laird Group says that already mapor orders have been won in the opening months of 1979 and, in particular, orders worth almost £100m have been secured for rapid transit trains.

These comprise a further order for the mass transit railway system in Hong Kong and a new contract to supply rolling stock for the Kowloon and Canton railway. Among other large orders taken this is the second order for which the group's welding interests have received for a steel works flash welder and this has a selling price of over £1m, says Sir Ian.

In 1978 group pre-tax profits rose from £9.1m to a record £11.1m. The increase came not only from the UK but also from the group's overseas manufacturing interests, which continued to account for over 40 per cent of group profits.

The main improvement came in the metal industries division (profits were up from £241,000 to £1.38m) where there was a substantial recovery in profits from steel, and in transport engineering (profits up from £3.76m to £5.04m) where the value of deliveries of rapid transit trains increased sharply. Motor components and other engineering fell back slightly from £5.72m to £5.56m.

The loss by the shiprepairing division increased from £0.63m to £1.36m. This was due largely to the effect of the shiprepairing recession and one of the subsidiaries, Western Shiprepairers of Merseyside, which was affected by the fall in oil tanker repair work, was placed on a care and maintenance basis in the middle of the year. The chairman says that following this rationalisation, the shiprepairing losses were reduced to minimal proportions during the latter months of 1978.

The chairman points out that in the steel works a major investment programme costing over £10m was carried out with the installation of electric arc furnaces. Without this change the metal industries division would have made a substantial loss in 1978.

Meeting, Quaglino's, S.W., June 4 at noon.

Sunlight rises to record £1m

As expected, taxable profits of Sunlight Service Group, laundries, dry cleaning concern, moved ahead in 1978 and finished at a record £1.07m against a previous £813,678. Turnover was up from £12.45m to £15.11m.

Tax for 1978 took £548,783 (£375,409) after which earnings per 10p share are shown as 5.13p against 4.32p.

Subject to Treasury consent the dividend is stepped up to 1.3413p (1.14148p) net with a final of 0.9437p.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	11¾	½-year	1,000	5-7
Poole (02013 5151)	10¾	½-year	500	5
Poole (02013 5151)	11½	½-year	500	6-7
Redbridge (01-478 3020)	11	½-year	200	4-5
Redbridge (01-478 3020)	11¼	½-year	200	6-7
Wrekin (0952 505051)	11	yearly	1,000	2-3

CORAL INDEX: Close 546-551

INSURANCE BASE RATES

† Property Growth 14%
† Vanbrugh Guaranteed 10.12%
† Address shown under Insurance and Property Bond Table.

Resignation of chairman at Alsthom-Atlantique

BY DAVID WHITE IN PARIS

A POLICY clash over the shipbuilding activities of Alsthom-Atlantique, the big French engineering group, has led to the resignation of its Chairman, M. Pierre Loygue, despite a successful profit record last year.

The company, which has annual sales of about FFr 10bn ($2.3bn), was formed by a 1976 merger between Alsthom, the heavy electrical engineering offshoot of the CGE Group, and the Chantiers de l-Atlantique shipyard.

Its financial recovery, in spite of the critical shortage of ship orders, was confirmed by a 1978 net profit of FFR 75.4m, 9 per cent higher than in 1977, the first full year of activity after the merger. The dividend is being maintained at a net FFr 6.

M. Loygue, chairing the Board meeting called to approve the results, gave as the reason for his departure the somewhat oblique comment that the problems of the capital goods industry could only be solved in the long term. He was replaced by his number-two, M. Roger Schulz.

Behind this change is a well-known disagreement between M. Loygue and CGE, which has the largest shareholding of 31 per cent. The CGE chairman, M. Ambroise Roux, recently expressed concern over the losses of the shipbuilding sector, which makes up a quarter of Alsthom-Atlantique's business. CGE is believed to favour a joint solution in this field with the Empain-Schneider group, which like Alsthom-Atlantique is heavily and profitably engaged in the nuclear sector and is weighed down by depressed shipyards.

Alsthom-Atlantique holds a key position in supplying turbo-alternators for nuclear power stations. Its other products range from boilers to railway locomotives.

Crisis at Denmark's computer group

By Hilary Barnes in Copenhagen

REGNECENTRALEN, Denmark's only domestically owned manufacturer of computers, announced on Friday that it has suspended payments to creditors and given notice to all its 1,050 employees in Denmark.

The company had a turnover in the year to end March 1978 of about DKr 400m ($75.6m), and pre-tax profits of DKr 12m ($2.26m). A DKr 16m loss by the Norwegian subsidiary during the last accounting year, blamed in part on "incorrect information from the subsidiary to the parent company," and chaotic accounts caused a cash crisis which the company was unable to ride out.

Mr. C. C. Sandberg, the managing director, said that the company would look into the possibilities for a financial reconstruction. "There are a lot of activities here and abroad which are sound and we hope we can continue them," he said.

The group has service and sales subsidiaries in ten countries, employing about 380 people.

The group, which specialises in small computers, has never received assistance from the Danish Government, unlike its competitors in most European countries. The management has complained that its chances of survival are reduced because the Government and other public organisations have refused to give the group preferential treatment, but have invested in foreign equipment, especially from IBM which dominates the Danish market.

It is understood that foreign investors are interested in taking part in the reconstruction of the company.

The company now has five months in which to clarify its future, but Mr. Sandberg said he hoped this could be achieved much more quickly.

Saudi contract will boost Ballast-Nedam

By Our Amsterdam Correspondent

BALLAST-NEDAM, the Dutch construction group, expects a further rise in profits in 1979 on top of sharply higher turnover. This will be largely due to the completion of part of a Fl 4.7bn ($2.3bn) housing project in Saudi Arabia, the largest ever won by a Dutch concern.

The company expects to win further Middle East orders this year. Profits and turnover in Holland will be adversely affected by the recent severe winter weather but prospects for all divisions are reasonable.

Turnover will continue at a high level in 1980 because of the Saudi order but there will be a slight fall in 1981 when it is completed.

Investment is expected to fall to about Fl 45m ($22m) this year after rising by 55 per cent to Fl 110m in 1978. Despite the fact that investment spending will be lower than cash flow this year, Ballast feels a further strengthening of its assets is needed, it said in its annual report.

Net profit rose 37 per cent to Fl 24.1m in 1978 on 50 per cent higher turnover of Fl 1.76bn.

Nedlloyd outlook poor as dividend is cut

BY CHARLES BATCHELOR IN AMSTERDAM

A FURTHER worsening of the results of the Nedlloyd group, Holland's largest shipping line, is expected in 1979. The company faces continued tough competition on most of its scheduled routes from non-Conference lines as well as from Comecon countries. Net profit fell to Fl 40.6m ($19.8m) in 1978 from Fl 91.4m the year before, on 3.5 per cent higher sales of Fl 2.41bn ($1.17bn). It proposes cutting its dividend to Fl 6 per Fl 50 share from Fl 9.

Nedlloyd's result suffered from the high cost of operating from Holland and from overcapacity in the tanker and bulk cargo markets. The lower dollar rate led to a Fl 15m cut in profit.

The losses due to the delayed delivery of the container vessel Nedlloyd Hoorn, are put at Fl 30m. The company is seeking compensation from Rijn-Schelde-Verolme for this ship and for the late delivery of another vessel.

Brascan Board attacked

TORONTO — Another block of Brascan shareholders is criticising the company's proposed bid to acquire F. W. Woolworth.

McKenzie and Sarlos, a Toronto firm of investment counsellors, said it has sent a letter to Mr. J. H. More, the chairman of Brascan, with the criticism and a call for a meeting between Brascan shareholders and management to explain the Brascan move.

Mr. Barry Zuckerman, a vice-president and partner in the investment firm, said that McKenzie and Sarlos is acting on behalf of a group of client shareholders with total holdings of about 700,000 shares, or about 2.5 per cent of Brascan's outstanding shares. He said this represents the largest block of non-institutional shareholders of Brascan and the second largest block after Edper Equities.

These holdings are dominated by a single block of about 600,000 shares held by interests representing Mr. Max Tanenbaum, president of York Steel Construction, Toronto, and another block of about 100,000 shares held by HCI Holdings in which Mr. Zuckerman, along with Mr. John McKenzie and Mr. Andrew Sarlos are directors.

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
Akroyd and Smithers	May 10	Int. 5.0
Allied Irish Banks	May 10	Final 4.5 fcst.
Avon Rubber	May 24	Int. 4.0
BOC Intnl.	May 24	Int. 1.65
*Bank of Ireland	May 17	Final 10
Bass Charrington	May 25	Int. 1.8
Beecham	May 26	Fin. 11.5575 fcst
Boots	May 16	Sec. int. 1.9183
*British Home Stores	Apr. 30	Final 3.473
*British Sugar	May 3	Int. 1.65
*Brixton Estate	May 8	Final 0.662
*Brockhouse	May 23	Int. 1.8
Brown Shipley	June 8	Final 5.264
*Bunzl Pulp and Paper	May 9	Final 2.045
Cap. and C'nties Prop.	May 26	Fin. 2.1105 fcst
Cater Ryder	May 17	Final 14.70612
Coalite and Chemical	June 1	Final 1.8435
Coats Patons	May 16	Final 2.0972
Courtaulds	May 25	Final 6.081
Debenhams	May 19	Final 3.7628
Duport	May 17	Final 2.67115
Eastern Produce	May 24	Final 3.03
*European Ferries	May 8	Final 1.8
French Kier	May 15	Final 1
*Furness Withy	May 2	Sec. int. 4.671
*Hall (Matthew)	May 9	Final 5.322
Heath (C. E.)	May 16	Final 3.4291
Hepworth (J.)	Apr. 21	Int. 0.72
International Paint	May 25	Final 1.612
Keyser Ullmann	May 24	Final 0.67
LWT	Mar. 30	Int. 3.555
*Laing (J.)	Apr. 30	Final 1.869
*Lloyds and Scottish	May 10	Int. 1.7
*London and Northern	May 9	Final 1.2
MEPC	May 24	Int. 1.5
*Marks and Spencer	May 8	Final 2.544
Marley	May 31	Int. 1.0
*Mothercare	May 8	Final 1.304
*Nat. and Comm. Bank	May 2	Int. 1.375
Newman Inds.	May 11	4.5 forecast
Northern Foods	May 30	Int. 1.5
*P & O	May 2	Final 3.542
Prop. of Hay's Wharf	May 25	Int. 1.564
Ranks Hovis McDougall	May 16	Int. 1.452
*Ransome Hfmn. Pollard	May 22	Int. 1.44
Reed Intl.	May 31	Final 2.0445
Sainsb'y (J.)	May 3	Final 3.887
*Scottish Nat. Trust	May 22	Int. 1.4
Sears Hldgs.	May 4	Final 2.58
Smurfitt (Jefferson)	Apr. 27	Final 4.867
Tollemache & Cobbold	May 30	Final nil
Trafalgar House	May 16	Int. 2.83
*Trust Union	May 23	Final 2.0
UBM	June 1	Final 2.5142
UDS	May 4	Final 3.0
United Scientific	May 9	Int. 3.0
Vaux Breweries	May 12	Int. 1.485
*Wadham Stringer	May 1	Final 1.21
Whessoe	May 19	Int. 1.87
Whitbread	May 17	Final 2.7888
*Wimpey (George)	May 3	Final 0.6810
Wlvrhmptn. & Dudley Bws.	June 1	Int. 2.0

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Banks Ltd.	12 %
Amro Bank	12 %
American Express Bk.	12 %
A P Bank Ltd.	12 %
Henry Ansbacher	12 %
Associates Cap. Corp.	13 %
Banco de Bilbao	12 %
Bank of Credit & Cmce.	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
Canada Perm't Trust	12 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	13 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
Credit Lyonnais	12 %
The Cyprus Popular Bk	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
English Transcont.	13 %
First Nat. Fin. Corp.	15 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Julian S. Hodge	13 %
Hongkong & Shanghai	12 %
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12 %
London Mercantile	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Rossminster	12 %
Royal Bk. Canada Tst.	12 %
Schlesinger Limited	12 %
E. S. Schwab	13 %
Security Trust Co. Ltd.	13 %
Shenley Trust	14 %
Standard Chartered	12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
Twentieth Century Bk.	13 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%, 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10% and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

RECENT ISSUES

EQUITIES

Issue Price p†	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p†	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
195	F.P.	—	194	150	††Appl. Computer	190	+10	0.7	11.0	0.6	23.4
‡‡	F.P.	—	57½	42½	Bank Bridge 10p	52	−2½	—	—	—	—
65	F.P.	20/2	181	68	Caledonian Hldgs.	181	.....	b7.3	1.6	6.0	15.4
‡‡	F.P.	16/2	170	118	Hunting Assoc. Defd.	170	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Am'unt Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
99¾	F.P.	—	99¾	99¾	Cleveland (County of) Var. Rate 1984	99¾	.....
‡‡	—	—	53½	52¾	Eng. Assoc. Sterling Fd. Part. Red. Prf.	53½	.....
£100	F.P.	4/5	105p	105p	Grant (James) 10¼% Pref.	105p	.....
20p	Nil	11/5	1½pm	1pm	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	1½pm	+¼
98	£60	23/5	65	59½	ICFC 12½% Uns Ln 1992	65	.....
¶	F.P.	27/7	102	99	Lee Valley Water 8% Red. Prf. 1986	102	.....
‡‡	—	11/5	105p	105p	Lyles (S.) 11% Cum. Pref.	105p	−1
72½	—	—	79	70½	MEPC 6½% Conv. Uns. Ln. 1995-2000	78½	.....
100	Nil	11/5	15½pm	13pm	Slough Ests. 8% Cnv. 1991-94	15½pm	−½
‡‡	F.P.	25/4	150p	104p	Tricoville 10½% Pref.	104p	.....

"RIGHTS" OFFERS

Issue Price p	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing Price p	+ or −
200c	Nil	—	—	10pm	4pm	Abercom Invs.	7pm	−2
12	F.P.	27/4	18/5	20½	16½	Armour Trust	18	−1
186	Nil	—	—	47pm	37pm	Beatson Clark	46pm	−1
115	F.P.	30/3	20/4	160	147	Brammer (H.)	159	.....
20	Nil	—	—	214pm	212pm	Brent Chemicals	212pm	.....
20	F.P.	27/4	1/6	99	92	Crest Nicholson	98	−1
26½	Nil	—	—	5pm	4pm	Davis & Metcalfe 'A'	5pm	.....
33	F.P.	28/3	4/5	48½	38	Hirst & Mallinson	45	−1
188	F.P.	25/5	18/5	250	210	Johnson Matthey	250	.....
5p	Nil	—	—	7pm	3pm	Maddock	4pm	−1
34	F.P.	24/4	12/6	59pm	49pm	Norfolk Cap. Hotels	54	−1
44	F.P.	19/4	31/5	74pm	69pm	Park Place Invs.	69	.....
20	F.P.	27/4	15/6	32	27½	Singlo Holdings	31½	−½
100	F.P.	27/4	18/5	122	115	Unicorn Inds.	121	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p† Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Unlisted security.

Public Works Loan Board rates

Effective from April 28

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	10⅞	10⅞	11	12	12	12
Over 5, up to 10	11	11⅛	11⅜	12	12⅛	12⅜
Over 10, up to 15	11⅛	11⅜	11⅝	12⅛	12⅜	12⅝
Over 15, up to 25	11⅜	11⅝	12	12⅜	12⅝	12⅞
Over 25	11⅜	12	12	12⅜	12⅞	12⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

CURRENCIES, MONEY and GOLD

Inflation and the EMS

BY COLIN MILLHAM

The U.S. was not the only major country country to publish a consumer price index last week, although of all inflation indicators none was awaited with more interest than the figures from Washington.

A rise of 1 per cent in U.S. consumer pirces was in line with the expectations of the foreign exchange market, and the dollar showed little reaction to the announcement.

Japan's March consumer prices rose 0.8 per cent, giving a year on year increase of 2.3 per cent, against 2.4 per cent in February. Figures issued by the EEC on Friday, indicated a 12-month rise in the Common Market consumer prices of 8.4 per cent, the highest for 15 months.

The rise in consumer prices in Belgium and Denmark made an interesting comparison. The April increase of 0.24 per cent in Belgium confirmed the steadier trend seen lately in inflation, which is now running at an annual rate of 3.8 per cent, compared with 3.7 per cent in March. Denmark's consumer price index for March rose 0.8 per cent, to give an annual inflation rate of 7 per cent. These figures had little influence on foreign exchange trading, where the Belgium franc remained anchored at the bottom of the European Monetary System.

Societe General, Belgium's largest bank, said last week that it expects healthy economic growth in the country this year, and suggested that interest rates need not be tightened excessively, despite the weakness of the Belgian franc.

The relative strengths of the franc and Danish krone are very much a reflection of Copenhagen's much higher interest rates than Brussels.

Interest rates were steady in Europe last week, particularly in Paris, where money market rates were unchanged for several days, before call money rose sharply to 7¾ per cent on Friday. French consumer prices rose 0.9 per cent in March, pointing to an annual inflation rate of 10.5 per cent.

Dutch interest rates may come under pressure in the next few weeks, as technical shortages work their way through the Amsterdam money market during May.

The French franc was around the middle of the EMS, while the guilder vied with the D-mark for second to last place ahead of only the Belgian franc.

GOLD

	Apr. 27	Apr. 26
Gold Bullion (fine ounce)		
Close	$244¼-245¼ (£118.9-119.3)	$242¼-243 (£118.6-119.0)
Opening	$242¾-243¼ (£118.4-118.7)	$243-243¾ (£118.3-119.3)
Morning fixing	$242.75 (£118.530)	$242.90 (£118.269)
Afternoon fixing	$243.70 (£118.502)	$242.85 (£118.302)
Gold Coins, domestically		
Krugerrand	$256-260 (£124¾-126¾)	$254¼-258¼ (£124¼-126¼)
New Sovereigns	$65¾-67¾ (£32-33)	$65½-67½ (£32-33)
Old Sovereigns	$81½-83½ (£39¾-40¾)	$78½-80½ (£38½-39½)
Gold Coins, internationally		
Krugerrand	$251½-253½ (£122½-123½)	$249½-250½ (£122¾-123½)
New Sovereigns	$63¾-65¾ (£30¾-31¾)	$62½-64½ (£30½-31½)
Old Sovereigns	$81½-83½ (£39¾-40¾)	$78½-80½ (£38½-39½)
$20 Eagles	$352-357	$355-360
$10 Eagles	$193-198	$193-198
$5 Eagles	$133-138	$132-137

CURRENCY RATES

April 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.623623	0.651940
U.S. $	9½	1.27568	1.33361
Canadian $	11¼	1.45931	1.52458
Austria Sch.	3¾	17.7439	18.5572
Belgian F.	6	38.3706	40.1283
Danish K.	8	6.73848	7.04679
D'mark	4	2.41411	2.52506
Guilder	6½	2.61630	2.73690
French Fr.	9½	5.55150	5.80520
Lira	10½	1078.54	1127.50
Yen	4¼	277.702	290.793
Nwgn. K.	7	6.58092	6.88289
Spanish Pes.	8	86.4347	90.3587
Swedish Kr.	6½	5.60444	5.86188
Swiss Fr.	1	2.18692	2.28847

OTHER MARKETS

Apr. 27	£	$		£ Note Rates
Argentina Peso	2461-2481	1196-1207	Austria	28-29
Australia Dollar	1.8600-1.8640	0.9050-0.9070	Belgium	62.75-63.35
Brazil Cruzeiro	48.24-49.24	23.47-23.96	Denmark	10.83½-10.89½
Finland Markka	8.20-8.21	3.9900-3.9950	France	8.81-8.94
Greek Drachma	74.794-76.610	36.40-37.28	Germany	3.86½-3.89½
Hong Kong Dollar	10.41-10.47	5.0655-5.0950	Italy	1,710-1,725
Iran Rial	144-159	72-75	Japan	453-458
Kuwait Dinar (KD)	0.564-0.574	0.2784-0.2787	Netherlands	4.19½-4.22½
Luxembourg Frc.	61.85-61.95	30.10-30.12	Norway	10.57-10.63
Malaysia Dollar	4.5650-4.5750	2.2215-2.2260	Portugal	98½-103
New Zealand Dlr.	1.9655-1.9715	0.9565-0.9595	Spain	135.85-137.30
Saudi Arab. Riyal	6.86-6.96	3.3800-3.3810	Switzerland	3.50½-3.53½
Singapore Dollar	4.52-4.5510	2.1995-2.2050	United States	2.0546-2.0556
Sth. African Rand	1.7325-1.7485	0.8430-0.8460	Yugoslavia	42½-44

Rate given for Argentina is free rate.

THE DOLLAR SPOT AND FORWARD

April 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0450-2.0585	2.0545-2.0555	0.25-0.15c pm	1.17	0.82-0.72 pm	1.50
Ireland†	2.0125-2.0180	2.0130-2.0170	0.70-0.55c pm	3.72	2.08-1.93 pm	3.97
Canada†	87.45-87.60	87.50-87.55	0.02c pm-par	0.10	0.13-0.10 pm	0.52
Nethlnd.	2.0500-2.0540	2.0510-2.0530	0.68-0.58c pm	3.68	1.70-1.60 pm	3.22
Belgium	30.05-30.15	30.09-30.11	8½-7½c pm	3.09	21-19 pm	2.66
Denmark	5.2850-5.2895	5.2865-5.2880	0.60-0.10 ore pm	0.79	0.25 pm-0.25 dis	—
W. Ger.	1.8900-1.8940	1.8915-1.8925	0.98-0.88 pf pm	5.77	2.52-2.42 pm	5.22
Portugal	48.90-49.15	48.95-49.05	33-48c dis	−9.80	90-140 dis	−9.39
Spain	65.90-66.20	66.00-66.05	5-15c dis	−1.82	45-55 dis	−3.03
Italy	845.60-846.50	845.80-846.30	0.55-0.95 lire dis	−0.10	2.60-3.00 dis	−0.13
Norway	5.1580-5.1600	5.1560-5.1580	0.95-0.45 ore pm	1.63	2.00-1.50 pm	1.36
France	4.3500-4.3550	4.3515-4.3535	0.50-0.35c pm	1.17	2.25-2.05 pm	1.97
Sweden	4.3950-4.4000	4.3970-4.3990	0.40-0.20 ore pm	0.82	1.40-1.20 pm	1.18
Japan	219.50-220.00	219.60-219.80	1.15-1.05y pm	6.00	3.05-2.95 pm	5.46
Austria	13.90-13.92	13.90½-13.91½	7½-6½ gro pm	6.04	19-17½ pm	5.25
Switz.	1.7125-1.7160	1.7135-1.7145	1.50-1.40c pm	10.15	3.93-3.83 pm	9.05

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

April 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0450-2.0585	2.0545-2.0555	0.25-0.15c pm	1.17	0.82-0.72 pm	1.50
Canada	2.3390-2.3505	2.3465-2.3475	0.30-0.20c pm	1.28	0.70-0.60 pm	1.11
Nethlnd.	4.19½-4.23	4.21½-4.22½	2-1c pm	4.26	5½-4½ pm	4.50
Belgium	61.60-62.00	61.85-61.95	30-20c pm	4.84	72-62 pm	4.32
Denmark	10.83-10.89	10.86-10.87	2½-1½ ore pm	1.65	4½-2½ pm	1.01
Ireland	1.0180-1.0215	1.0193-1.0203	17-27p dis	−2.58	60-70 dis	−2.48
W. Ger.	3.86½-3.90½	3.88½-3.89½	3-2pf pm	7.71	7½-6½ pm	6.81
Portugal	99.90-100.90	100.35-100.85	50-110c dis	−9.53	140-240 dis	−7.56
Spain	135.30-139.10	135.60-135.70	10c pm-50c dis	−2.65	40-140 dis	−2.65
Italy	1,726-1,739	1,737-1,738	1 lire pm-lire dis	par	1½ pm-½ pm	0.11
Norway	10.56-10.61	10.59½-10.60½	3½-1½ ore pm	2.55	8½-6½ pm	2.73
France	8.90-8.96	8.94½-8.95½	2½-1½c pm	2.68	7-6 pm	2.91
Sweden	9.00-9.05	9.03½-9.04½	2 ore pm-par	1.33	6½-4½ pm	2.43
Japan	448-455	451-452	3.05-2.65y pm	7.57	8.05-7.85 pm	6.95
Austria	28.53-28.73	28.55-28.60	18-8 gro pm	5.42	50-40 pm	6.30
Switz.	3.50½-3.53½	3.52-3.53	3½-2½ c pm	11.06	9½-8½ pm	10.21

Belgium rate is for convertible francs. Financial franc 63.10-63.20. Six-month forward dollar 1.28-1.18c pm; 12-month 2.20-2.10c pm.

EXCHANGE CROSS RATES

Apr. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.056	3.893	451.5	8.948	3.585	4.220	1738.	2.347	61.90
U.S. Dollar	0.487	1.	1.894	219.7	4.354	1.715	2.054	845.5	1.142	30.12
Deutschemark	0.257	0.528	1.	116.0	2.299	0.906	1.084	446.4	0.603	15.90
Japanese Yen 1,000	2.215	4.551	8.621	1000.	19.82	7.807	9.347	3848.	5.198	137.1
French Franc 10	1.118	2.297	4.350	504.6	10.	3.940	4.716	1942.	2.623	69.18
Swiss Franc	0.284	0.583	1.104	128.1	2.538	1.	1.197	492.9	0.666	17.56
Dutch Guilder	0.237	0.487	0.922	107.0	2.120	0.835	1.	411.7	0.556	14.67
Italian Lira 1,000	0.576	1.183	2.240	259.9	5.150	2.029	2.429	1000.	1.351	35.63
Canadian Dollar	0.426	0.876	1.659	192.4	3.812	1.502	1.798	740.3	1.	26.37
Belgian Franc 100	1.616	3.320	6.288	729.4	14.45	5.695	6.817	2807.	3.792	100.

LONDON MONEY RATES

Apr. 27 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5-12½	—	—	—	12½	9-12	—	—	—
2 days notice	—	—	12⅛-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12¼	12¼	—	12½	12½	12	—	—	—
One month	12 1/16-11 15/16	12 1/16-12 3/16	12⅛-12¼	12¼	12½	12½	11¾	11 13/16-11 25/32	11 31/32-12	12⅝
Two months	11 15/16-11 13/16	11⅞-12	—	11¾	12⅜	—	11½-11⅝	11 11/16-11 21/32	11 23/32-11¾	12⅝
Three months	11 13/16-11¾	11 13/16-11 15/16	11⅞-12	11½	12¼	12¼	11¼-11½	11 9/16-11 17/32	11 19/32-11 21/32	12
Six months	11 11/16-11⅝	11⅝-11¾	11⅝-11⅞	11	12	—	—	—	10 15/16-10 13/16	12
Nine months	11⅛-10 15/16	11½-11⅝	—	11⅛	11⅞	—	—	—	—	—
One year	10 15/16-10 13/16	11⅛-11¼	11¼-11⅜	11⅛	11⅝	—	—	—	—	—
Two years	—	—	11⅝-11½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 11⅝-11¾ per cent; four years 11¾-12 per cent; five years 11⅞-12 per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝-11 9/16 per cent; four-month trade bills 12 per cent.

Approximate selling rates for one-month Treasury bills 11 7/32 per cent; two-month 11⅝ per cent; three-month 11 3/16-11 17/32 per cent. Approximate selling rate for one-month bank bills 11 23/32-11⅞ per cent; two-month 11¾ per cent; and three-month 11 9/32-11¾ per cent; one-month trade bills 12½ per cent; two-month 12¼ per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent.

Treasury Bills: Average tender rates of discount 11.2863 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.25-11.75
Fed Funds	10.0625
Treasury Bills (13-week)	9.07
Treasury Bills (26-week)	9.33

GERMANY

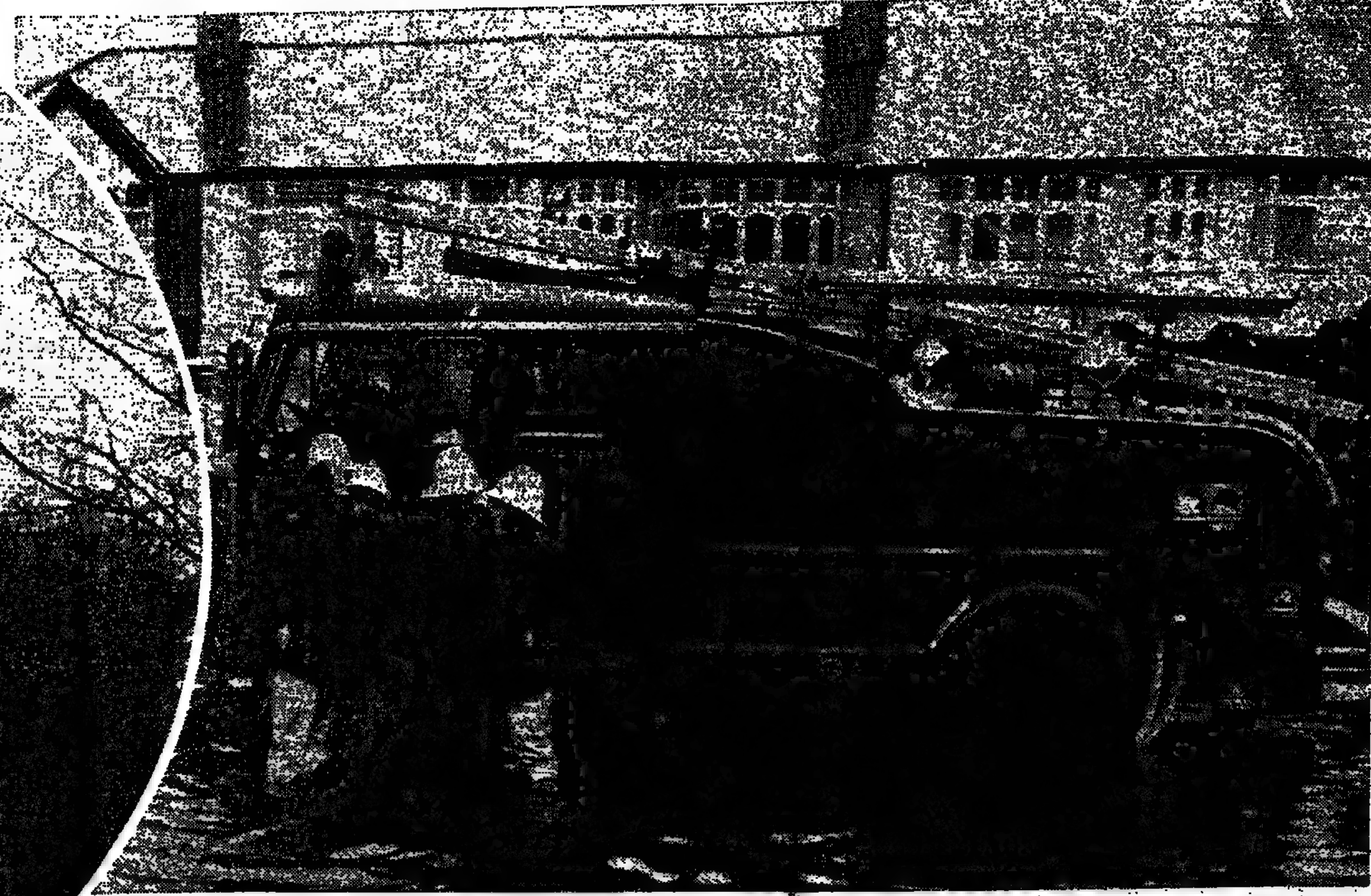
Discount Rate	4
Overnight Rate	5.05
One month	5.40
Three months	5.70
Six months	6.0

FRANCE

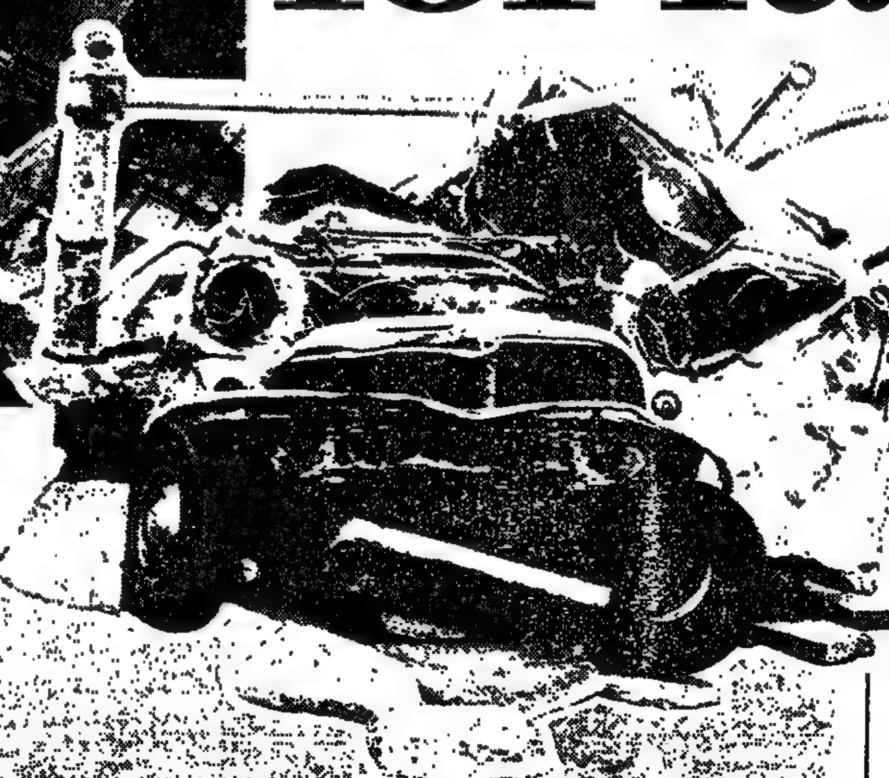
Discount Rate	9.5
Overnight Rate	7.125
One month	6.8125
Three months	7
Six months	7.3125

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.125
Bills Discount (three-mth.)	5.625

While others were assessing the damage, we were paying for it.


On the morning of January 11th 1978, you might have been forgiven for mistaking the streets of Sheerness for Amsterdam or Venice.

After a night of near hurricane force winds and waves as high as houses, the East Kent coastline was, quite simply, blown to bits.

In the light of this thirty mile trail of devastation, it became clear to us at Commercial Union that there was only one way we could be of real help.

Not with tea and sympathy. Or vague promises of compensation.

But rather, by agreeing to claims immediately. On the spot.

Now, it's not every day you'll find us popping in on policy holders, with a view to popping a cheque in the post.

After all, like any other insurance company, every claim we deal with involves certain formalities.

There are details to be noted down. Policies to be checked out. Assessments to be made. And so on.

A process that can take anything from five minutes to five months. Or even longer.

Speaking for ourselves, we prefer to simplify the paperwork, for the sake of a speedy settlement.

Which is precisely how we coped with the mopping up of East Kent.

On January 12th, with the storm damage barely a day old, we set up an emergency claims centre in Canterbury.

Within two working days we had our own team of claims inspectors out and about on the waterways, personally totting up the cost of repairs.

In all, we paid out £115,000 from just one branch, to more than 400 policy holders.

So they could start rebuilding their lives, while others were still getting estimates.

CU ASSURANCE

We won't make a drama out of a crisis.

INSURANCE

BIA disquiet at Law Commission report

BY OUR INSURANCE CORRESPONDENT

ALMOST A YEAR AGO the Lord Chancellor asked the Law Commission to look at certain aspects of insurance law "particularly in the light of the fifth report of the Law Reform Committee (1957) and the draft EEC directive on the co-ordination of laws, and to make recommendations."

Shortly after Christmas the Law Commission's Working Paper No. 73 on "Insurance Law Non-Disclosure and Breach of Warranty" was published and interested parties were asked to comment within about two and a half months—an unfairly short period and about a third of the time the commission had taken to formulate its provisional views for the reform of our insurance laws.

Despite the time limit, all the main insurance bodies, the British Insurance Association, Lloyd's Underwriters and the British Insurance Brokers' Association got their views to the Law Commission before Easter. The BIA has now released its general commnts on the commission's approach, as distinct from its detailed criticism of the commission's provisional proposals.

Speaking on behalf of its member companies, which transact about four-fifths of Britain's world-wide insurance business, which this year is likely to top £15m, the BIA has expressed disappointment at both the content and tone of the working paper and in effect has asked the Law Commissioners to go back to square one.

Clearly the latter course is unthinkable. It would create enormous internal legal transitional problems and enormous administrative problems as well as increasing costs for both the industry and the insuring public. Moreover, it would play havoc with Britain's pre-eminent world-wide insurance trading position: internationally, neither insurers nor policyholders would be able to work from one year to the next with the expectation of continuity of legal principle, which is of the essence of insurance transactions. Without doubt Britain's standing in theinsurance world market would be diminished, perhaps irretrievably.

In its working paper the law commission conceded that there is no reason to believe that present law and practice for marine, aviation and transport business (MAT) is unsatisfactory. The BIA takes that concession and asserts that the same argument must apply equally to the whole range of commercial risks: it says. It is illogical to argue that the present law relating to MAT business is perfectly satisfactory and understood and yet to suggest that drastic revisions are necessary in the virtually identical law for nonMAT commercial risks, particularly when the same persons are most likely arranging both MAT, fire and other commercial covers the same time.

In its working paper the commission concentrated on reform of UK insurance law, which insurers assert works well and throws up an insignificant number of problems in practice: by contrast the commission quickly rejected the cross-Channel proposals contained in the draft EEC directive it was asked to examine.

It is there, and one may say quite rightly, that the BIA opens its attack, for the commission has got its priorities wrong. The main problem facing the British insurance market is not one of reforming internal insurance law but of getting the best bargain on harmonisation of insurance law with the other eight EEC members. In short the commission has been looking inward when it ought to be looking outward.

Insurers point to the absurdity—my word, not theirs—either of Britain trying to stand alone against insurance law harmonisation, or of the British insurance industry having to implement some or all of the changes advocated by the commission and then within a year or two having to comply with further changes decreed in Brussels.

Perhaps the commission will now come down from the academic clouds, face the practical realities of Britain's negotiating position and even take the unusual course of publishing a further working paper of second thoughts later in the summer before it proceeds to the drafting and publication of its ultimate final report.

APPOINTMENTS

Tom Frost heads National Bank of North America

Mr. Tom Frost

Mr. Tom Frost has been appointed a director and president of the NATIONAL BANK OF NORTH AMERICA, a subsidiary of National Westminster Bank. Mr. Frost joined National Westminster in 1950 and was assistant regional director, south-east region, Domestic Banking Division, before supervising the applications to the U.S. authorities which led to NatWest's recent acquisition of NBNA. **Mr. Alex Dibbs**, a deputy chairman of National Westminster Bank, and **Mr. Dennis Bunyan**, senior executive vice-president, executive office North America, National Westminster Bank, have also been appointed directors of NBNA.

★

Mr. Michael Pilch, a director of Noble Lowndes and Partners, has taken over from Mr. Ken Smith as chairman of the NATIONAL ASSOCIATION OF PENSION FUNDS. Mr. Smith becomes vice-chairman. **Mr. George Dennis**, past-chairman of the investment protection committee, and **Mr. Hugh Jenkins**, that committee's present chairman, become ex-officio vice-chairmen.

★

Mr. R. M. A. Jones, has been appointed to the Board of PYE HOLDINGS. Mr. Jones returned to Pye of Cambridge, a subsidiary on April 17, as acting managing director when Sir John Stewart-Clark relinquished the post on his adoption as a candidate for election to the European Parliament. Mr. Jones first joined Pye in 1933 and since his retirement in July, 1978 has remained a consultant to Pye of Cambridge.

★

Mr. Frank L. Strevens has been appointed vice-president and general manager of CANADA LIFE ASSURANCE COMPANY in the UK and Ireland. He has been involved in the management of life assurance marketing and administration since he joined the company in Toronto, Canada, in 1957.

★

Mr. Dennis Weatherstone has been elected chairman of the newly formed investment bank MORGAN GUARANTY LTD. Mr. Weatherstone, who was executive vice-president and treasurer of Morgan Guaranty Trust Company from April 1977 to December 1978, is a vice-chairman of the Board at J. P. Morgan and Co. Incorporated, the bank holding company, and of Morgan Guaranty Trust Company of New York. The new concern is a London-based unit and a subsidiary of Morgan Guaranty International Finance Corporation.

★

Mr. W. B. N. Kington, has retired as a director of BORDER BREWERIES (WREXHAM).

TEL AVIV

Company	Prices Apr. 29 1979	Change on the week
Banking, Insurance and Finance		
Bank Leumi le Israel...	341	+ 3.0
IDB Bankholding	420	− 14.0
Bank Hapoalim Br.	588	+ 4.0
Union Bk. of Israel Br.	309	− 9.0
United Mizrahi Bank...	228	+ 2.0
Hassnar Insurance Br.	352	− 31.0
General Mort. Bank Br.	230	− 14.0
"Tefahot" Isr. Mt. Bk.	296	− 40.0
Land Development		
Africa Israel Inv. I£10	947	− 21.0
Israel Land Devpt. Br.	189	− 16.0
Property and Building...	328	− 5.0
Public Utility		
Israel Electric Cpn. ...	260	− 25.0
Investment Companies		
Bank Leumi Invest. ...	353	− 7.0
"Clal" Israel Invest	463	− 12.0
Discount Invest.	293	− 2.0
Commercial and Industrial		
Alliance Tire & Rubber	1,430	+ 5.0
Elco Br.	217	− 16.0
Argaman Textil Br. ...	311	+ 12.0
"Ata" Textile "B" ...	179	− 16.0
Amer. Israeli Ppr. Mills	707	—
Assis	387	− 5.0
Elite	323	− 8.0
Teva Reg.	537	− 56.0
Fuel and Oil		
Delek	184	− 12.5

Source: Bank Leumi le Israel BM. Tel Aviv.

WORLD STOCK MARKETS

Indices

NEW YORK—DOW JONES

	April 27	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 20	1979 High	1979 Low	Since Compil'tn High	Since Compil'tn Low
♦ Industr'ls	856.64	860.97	867.46	866.86	860.10	858.98	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	83.69	84.01	84.14	84.24	84.15	84.12	85.90 (2/2)	83.69 (27/4)	—	—
Transport..	230.66	231.84	232.81	232.62	231.11	231.01	235.25 (10/4)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	101.18	101.73	102.20	102.27	102.33	102.74	104.94 (6/4)	99.10 (2/1)	165.52 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	29,670	32,520	31,730	35,670	25,890	28,860	—	—	—	—

♦ Day's high 860.79 low 852.39

	Apr. 20	Apr. 12	Apr. 6	Year ago (approx
Ind. div. yield %	5.79	5.68	5.65	5.75

STANDARD AND POORS

	April 27	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 20	1979 High	1979 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡Indust'ls ...	113.82	114.06	114.57	114.13	113.36	112.90	116.69 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.53 (30/6/32)
§Composite	101.80	102.01	102.50	102.20	101.57	101.25	103.34 (10/4)	96.13 (27/2)	125.85 (11/1/6)	4.40 (1/6/32)

	April 25	Apr. 18	April 11	Year ago (approx).
Ind. div. yield %	5.08	5.10	5.08	5.02
Ind. P/E Ratio	8.71	8.60	8.67	9.18
Long Gov. Bond Yield	9.11	9.04	9.06	8.39

N.Y.S.E. ALL COMMON

Apr. 27	Apr. 26	April 25	Apr. 24	1979 High	1979 Low
57.40	57.52	57.80	57.62	58.18 (10/4)	53.88 (27/2)

Rises and Falls

	Apr. 27	Apr. 26	April 25
Issues Traded ...	1,916	1,867	1,886
Rises	536	514	765
Falls	894	907	646
Unchanged	486	446	475
New Highs	—	—	65
New Lows.........	—	—	21

MONTREAL

	Apr. 27	Apr. 26	April 25	Apr. 24	1979 High	1979 Low
Industrial	247.88	248.19	247.59	245.99	250.91 (27/3)	219.19 (2/1)
Combined	251.81	251.21	250.80	249.40	251.21 (6/4)	225.80 (2/1)
TORONTO Composite	1482.5	1488.4	1480.6	1499.3	1482.5 (27/4)	1315.8 (2/1)
JOHANNESBURG						
Gold	252.1	252.0	251.7	249.8	298.7 (7/2)	228.4 (17/4)
Industrial	318.8	318.5	317.3	316.2	[illegible]	270.5 (2/1)

	Apr. 27	Pre-vious	1979 High	1979 Low
Australia (¶)	572.47	568.44	597.68 (19/3)	545.72 (2/1)
Belgium (‖)	107.08	106.78	107.89 (24/4)	98.80 (3/1)
Denmark (**)	93.15	96.61	96.36 (20/4)	88.32 (8/1)
France (††)	80.8	80.8	81.4 (24/4)	71.6 (15/2)
Germany (‡‡)	784.9	784.5	839.6 (16/1)	774.2 (26/3)
Holland (§§)	77.0	76.8	85.9 (24/1)	75.8 (21/3)
Hong Kong (¶¶)	530.84	529.00	568.90 (5/3)	493.83 (2/1)
Italy (‖‖)	74.35	74.26	78.46 (26/3)	68.58 (2/1)
Japan (a)	451.46	449.25	462.97 (31/1)	435.22 (10/4)
Singapore (b)	382.16	381.89	387.66 (11/4)	346.34 (23/2)
Spain (d)	100.75	100.74	111.86 (8/3)	93.03 (12/1)
Sweden (e)	353.48	354.88	401.34 (6/2)	353.48 (27/4)
Switzerld (f)	324.4	322.4	324.4 (27/4)	294.0 (3/1)

Indices and base dates (all base values 100 except NYSE All Common—50: Standards and Poors—10: and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73 †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

EUROPE

AMSTERDAM

Apr. 27	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20).....	104.0	−1.3	a22	4.2
Akzo (Fl.20)......	30.5	+0.5	—	—
[illegible]				

BRUSSELS/LUXEMBOURG

Apr. 27	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed..............	2,575	+50	—	—
Bekaert "B"......	2,575	+10	130	5.0
[illegible]				

SPAIN ♥

April 27	Per cent	
Asland	121	+ 1
Banco Central	316	+ 6
Banco Exterior	284	—
B. Granada (1,000) .	134	—
[illegible]		

TOKYO ¶

Apr. 27	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass........	339	−1	14	2.1
Canon...............	577	+11	12	1.0
Casio...............	810	+17	25	1.5
Chinon	[illegible]		20	[illegible]
[illegible]				

Source Nikko Securities, Tokyo

VIENNA

COPENHAGEN ♦

STOCKHOLM

HONG KONG

GERMANY ♦

SWITZERLAND ♦

BRAZIL

MILAN

OSLO

PARIS

AUSTRALIA

JOHANNESBURG

Financial Rand U.S.$77¼ (Discount of 34%)

WALL STREET

NEW YORK

CANADA

[illegible]

INTERNATIONAL BONDS

BY NICHOLAS COLCHESTER

Enter the drop-lock floater

AS DOUBTS MOUNTED whether the Fed could avoid nudging U.S. interest rates higher, the convertible floating rate note came to Europe last week. Invented by Blyth Eastman Dillon in the U.S. in mid-April, this instrument allows the investor to convert into a fixed rate bond if he perceives interest rates to be moving down. On Friday an automated version appeared, christened the "drop lock bond" by its designers Credit Suisse First Boston.

Following issues in the U.S. by three American banks, Manufacturers Hanover announced a convertible FRN on both sides of the Atlantic to raise $150m for 30 years at home and $100m for 15 years in the Eurobond market. The international tranche will for the first seven years carry interest of ¼ per cent above three-month Libor and will be convertible on each payment date into an 8 per cent straight bond.

Demand for this paper was reported to be high. But it was hard to know whether this was due to the name or to the conversion rights. Eight per cent is a fair way below current yield levels and it is a number of years since this sort of yield was relevant. Interestingly, the conversion yield for the U.S. tranche was set approvimately half a point higher (on an annual basis)—perhaps the U.S. market is choosie.

TVO Power of Finland is pioneering the "drop-lock" bond. It is raising $30m for 12 years. The interest rate is ¼ per cent over six month Libor but if Libor drops to 8¼ per cent at any payment date, the bond changes, pumpkin-like, into a 9 per cent straight bond. A purchase fund of $1m a year for the first three years after transformation, then comes into play.

There are two plus points for the borrower here—particularly an industrial company. It knows that it will get fixed rate finance as soon as the floating rate move down to a level it can live with in the long term. In the meantime it has floating rate finance without the prospect of refinancing costs.

The picture for the investor seems more mixed: because conversion is involuntary he is rather at the mercy of any steepening of the yield curve resulting from a drop in short-term rates. He could find himself holding a 9 per cent bond for, say, ten years in a 10 per cent environment. On the other hand the fixed rate is only half as far below current long rates as that offered by Manufacturers Hanover.

The fear of a new rise in U.S. rates made the week an uncomfortable one for more conventional forms of long-term dollar finnace. The rise in U.S. money supply and the upsurge in Treasury Bill rates made sure that this sector ended the week on an unhappy note. Nevertheless the issuing houses soldiered on, mainly with unspectacular results.

CSFB managed to raise 20 year money for Hydro Quebec at a yield of 10.12 per cent, but this was plainly problematic and the bond was below 97 at the end of the week after having been priced at 99.

Orion Bank's 10-year bond for Canadian Pacific carried a lean-looking coupon of 9¾ per cent, especially when the newest EIB issue of the same maturity was quoted in the market at 98 after having been issued at par with a coupon of 9¾ per cent. "Issuers and dealers must be talking to different people," one trader said.

Two new fixed rate dollar bonds were announced on Friday. Societe Generale de Banque had to advise Genstar, a Canadian property and building materials company, that in spite of Canadian Pacific's example, a coupon of 10 per cent for 10 years was now necessary. Sogen considered these terms "not generous but realistic."

It seems that some support from Belgian funds is likely as an estimated $100m worth of Genstar equity is already in Belgian hands. The other bond was a $20m convertible issue for Nitto Electrical which Nomura is managing.

The Deutsche-Mark sector had another poor week. Prices were down by half a point on Friday to give a total drop for the week of up to two points. The inflation figures remained unsatisfactory. The currency itself held steady. There was talk in the market of a new tranche of Government financing scheduled for early this week.

Hill Samuel pointed out that although the yield differential between the Deutsche Mark and dollar paper has narrowed by over 1 per cent since the Carter package, this process has further to go. As foreign interest has dwindled, German foreign bond yields have mounted towards the domestic yield level. Yet they must really rise above this before the domestic investor provides support.

Government bonds are now yielding 7½ per cent for 10 years. BHF Bank's 10-year issue for the Council of Europe was priced to yield 7.25 per cent, after the coupon had been nudged upwards by ¼ to 7¼ per cent. In view of the poor state of the market the capital markets sub-committee decided to float only DM 475m worth of bonds over the next four weeks.

Although similar forces are at work in the Swiss bond market, this sector had a quiet week with, if anything, a positive trend in prices. The Governor of the Swiss National Bank had soothing things to say about the prospect for Swiss inflation and there is currently a freeze in new issues.

As a currency which is holding up well within the new European monetary system, and which offers U.S.-style yields at the same time, the French franc sector has been going well of late.

● Electricite de France seems bound to take the limelight in the international capital market in the next few days. First Reuter reports that a FFr 2bn bond issue on the domestic market is due soon. Second, it is understood that Credit Lyonnais is putting together a $700m loan facility for EDF. It seems that Morgan Guaranty is playing a leading part in this back-up loan. This would be significant as the big U.S. bank dropped out of EDF financing two years ago because it felt that spreads were becoming too fine.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡Hydro Quebec (g'teed prov. Quebec)	75	1999	¶	10	99	Crédit Suisse First Boston	10.12
‡EIB	75	1989	8.15	9½	100	KFTCIC	9.75
Avco	40	1987	¶	10¼	100	Kidder Peabody	10.25
‖†Man. Hanover	100	1994	15	5¼/5½ø	100	Man. Hanover Ltd.	5.32ø
Norway	150	1984	5	9¼	100¼	Deutsche Bank	9.43
Canadian Pacific	50	1989	8.9	9¾	*	Orion	*
US Leasing Int.	20	1984	5	10	*	Orion	*
§Nitto Electric	20	1994	—	6	100	Nomura Europe	6.09
‖†TVO (g'teed Finland)	30	1991	¶	—	100	Crédit Suisse First Boston	—
Genstar Ltd.	50	1989	¶	10	*	Soc. Gen. de Banque, Wood Gundy	*
D-MARKS							
‡Barclays Bank Int.	100	1989	10	6½	99	Dresdner Bank	6.89
‡Tokyo Electric	200	1985	6	6¼	99½	WestLB	6.60
‡Council of Europe	100	1989	7	7¼	100	BHF-Bank	7.25
Argentina	150	1989	8	7½	99½	Deutsche Bank	7.575
§Seiyu Stores	100	1985	—	5½	100	WestLB	*
CANADIAN DOLLARS							
‡First Canadian Inv. (g'teed Bk. of Montreal)	50	1984	5	10	100½	UBS (Securities)	9.87
‡Mun. Fin. Auth. Br. Columbia	24	1989/99	—	10¼	100	CCF, A. E. Ames	10.25
‡Bk. of Br. Columbia	10	1989	10	10¼	100	Wood Gundy	10.25
Avco	25	1986	7	10½	*	Kidder Peabody	*
SWISS FRANCS							
‡**Japan Dev. & Con.	25	1985	n.a.	4	100	Banca del Gottardo	4.0
‡SNCF (g'teed France)	100	1991	n.a.	4¼	100	Sodític	4.25
FRENCH FRANCS							
‡St. Gobain	130	1986	7	9¾	100	BNP	9.75
KUWAITI DINARS							
‡Norges Kommunalbank (g'teed Norway)	12	1989	7½	7½	99½	KIC	7.575
Occidental Petroleum	7	1987/91	—	8½	*	KIIC	*
YEN							
‡**Jugobanka	10bn	1994	11.5	7.7	100	Daiwa, LTCB	n.a.
‡**Dev. Bk. of Philippines (g'teed Philippines)	10bn	1995	n.a.	7.5	100	LTCB, BoT, Nomura	7.44
UNITS OF ACCOUNT							
City of Copenhagen	25	1991	¶	8½	*	Kredietbank Int.	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ø Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund. ‖ See text. Note: Yields are calculated on AIBD basis.

INTERNATIONAL EQUITIES

BY JOHN EVANS

Placing equity in the Middle East

U.S. AND European brokerage and investment banking concerns have long sought to tap Middle East wealth directly for offerings of Western corporate equities, aiming for the day when the placement of such shares was as routine in Kuwait or Riyadh as in London and New York. York.

Some even foresaw the time when the Mid-East would automatically absorb a chunk of an equity offering or any well known European of U.S. corporation.

By 1976, those targets seemed credible. That year, Mid-East investment in U.S. stocks reached a peak of $1.8bn.

But most of this investment proved to have represented official cash and few Arab government institutions wish to build up common stock holdings in their overall portfolios beyond fairly low levels. So the Arab investment trend in U.S. markets since then has been downward, particularly in the wake of the declining dollar.

For the Eurobond market as well, offerings of corporate debt in recent years have not been as well received in the Middle East as governmental or multinational agencies' credits.

In recent weeks, however, a large placement of Dutch shares has proved popular in the Arab world, a tentative sign that the area may display greater interest in direct Western equity operations in future.

The Amsterdam-listed Sarakreek Holding NV has placed privately 1.36m shares of Fl 57 per share, raising the equivalent of some $38m. More than half of this was placed in the Middle East, much of it with private investors.

The placing was arranged by several banks, including London merchant bankers J. Henry Schroder Wagg and Company and its Beirut-based afficiate, Schroder and Company SAL. Other participants included the Amsterdam-Rotterdam Bank and Abu Dhabi Inestment Company.

The Sarakreek placement had special features. The whole of the $38m raised is to be invested in developed commercial U.S. real estate. Historically, the Arab investor has been more comfortable with property than almost any other sort of investment.

Much of the billions of dollars of private and sem-official funds which, in recent months, have been estimated to have flowed out of the Gulf area, partly because of the instability in Iran, is reckoned to have been destined for Western real estate investment.

Significantly, the recent bid, worth $120m for Continental Illinois Properties, a real estate investment trust associated with Continental Illinois Bank, is belived to have been on behalf of a group of Arab investors.

What some brokerage concerns are now banking on is a weaning of Arab private investors away from real estate to a more sophisticated investment approach.

Western investment bankers say that there is more willingness in the Gulf nowadays to consider an enlarged foreign content of property, shares and other investments in portfolios than at any other time in recent years.

The huge scale of infrastructure development in the past five years, has disbursed wealth much more widely in the Arab economies, as shown by the mushrooming of private companies and agencies. In Western terms, the equivalent of an Arab middle class is developing fast, with obvious implications for private investment flows.

U.S. BONDS

BY DAVID LASCELLES

Testing time for the Fed brakes

THE FED'S decision to tighten credit on Friday capped a week that already rated as one of the most eventful in the bond markets this year.

Trading began with a growing conviction that the Fed had not, after all, decided to increase interest rates at its latest meeting on April 18. But this had a mixed effect on the markte.

Short term rates dipped sharply, and by Wednesday three month Treasury bills were down from 9.20 per cent to 9.86 per cent. Elsewhere, though, the Fed's apparent reluctance to apply the brakes made investors nervous. Prices of long term municipals and industrials weakened up to a quarter of a point by mid-week, and there were similar, if slightly smaller, net losses on long-dated government bonds.

Then on Thursday, the latest consumer price figures revealed a 1 per cent increase for March, or an annualised 13 per cent. And a few hours later, the money supply figures showed large increases in both M1 and M2. Combined, the two announcements were more than enough to depress an already apprehensive market, and prices plunged sharply. The growing conviction that the Fed would, after all, have to act, pushed three-month Treasury bills back up to 9.28 per cent.

The $4.1bn rise in M1 to $365.65bn was the third rise in a row, marking an increase of 9.5 per cent in the four-week average. In fact, the rate of growth is still well within the Fed's short- and long-term target ranges. Similarly, the 10.7 per cent four-week average rise in M2 is still within range. But the increases seemed to clinch the market's view that the money supply is bound to need tighter control with inflation and economic activity at their present high levels.

Finally, on Friday, the Fed did intervene in the Fed funds market, draining reserves when they were trading at 10⅛ per cent, a level it had previously tolerated.

Because of Mr. Miller's outspoken remarks about the adequacy of present monetary policy only a few days before, the market was divided over how the Fed's decision had actually been taken.

The intervention immediately pushed short-term rates up again, though not as much as it might because the Fed's action had been widely anticipated and partially discounted. At the longer-term end, the market reacted with some relief, and prices dropped only slightly before stabilising.

It will not become clear for a day or two quite how far the Fed has gone with its tightening, but most economists believe it to be around ¼ per cent, with a new Fed funds target of 10¼.

Mr. Alan Lerner at Bankers Trust said, "the aggregates and continued raging inflation may have shaken Mr. Miller's confidence in his outlook, but it seems likely that he would balk at a major tightening move at this point, well before the second quarter economic data are available."

Some of these data will come this week. Manufacturers' shipments, inventories and orders in March come out on Tuesday, followed by th producer price index on Thursday, and consumer credit and employment figures on Friday. Between them, these are expected to show continued economic strength, but with inflation unabated.

As credit makets themselves: all the indications are that demands for funds will remain strong in all sectors.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	83¾	84¼	−0⅛	−0½	9.87
CECA 9¼ 84-99	50	96¼	96¾	−0⅛	−0⅛	9.83
Canada 9 83	400	97½	98	−0⅛	−0⅛	9.86
Canada 9¼ 98	350	96	96½	−0⅛	−0⅝	9.90
Comalco Inv E. 10¼ 91	40	98¼	98⅞	0	−0⅛	10.44
Dow Chem. O/S 9¾ 94	200	97⅜	97⅞	0	+0⅛	9.93
EIB 9¼ 98	125	94½	95	−0⅛	−0⅛	9.97
EIB 9⅝ 86	150	99	99½	−0⅛	−0½	10.01
EIB 9⅞ 99	100	99¼	99¾	−0⅛	−0⅛	10.18
Export Dv. Cpn. 9.85 84	150	100⅛	100⅝	−0⅛	−0⅛	9.81
Export Dv. Cpn. 9¼ 84	100	97¼	97¾	−0⅛	−1⅛	9.81
Eksportfinans 9 86	50	95⅞	96⅜	−0⅛	−0⅛	9.74
Finland 9 88	100	94¾	95¼	−0⅛	−0⅛	10.07
Finland 9½ 86	100	97¼	97¾	−0⅛	−0⅛	10.01
GTE Fin. 9½ 84	50	97⅞	98⅜	−0⅛	−0⅛	9.99
Gould Int. Fin. 9¾ 85	50	99¼	99⅞	−0⅛	−0⅛	9.82
Hospital O/S 9 83	25	97⅜	97⅞	−0⅛	−0⅛	9.68
Hudson Bay Co. 10 84	50	100¼	100¾	−0⅛	−0½	9.94
Itel Finance 9¾ 90	30	94	94½	−0⅛	0	10.62
J. C. Penney 8½ 83	100	95⅞	96¼	−0⅛	−0⅛	9.63
Manitoba 9½ 89	75	97¼	97¾	−0⅛	−0⅛	9.92
New Brunswick 9¾ 94	75	97¾	98¼	−0⅛	−0⅛	10.01
Newfoundland 10 94	50	99¼	99¾	−0⅛	−0⅛	10.06
Norsk Hydro 9¼ 94	50	95⅛	95⅝	0	−0⅛	9.85
Norway 9¾ 84	150	99⅞	100⅜	−0⅛	−0⅛	9.94
Portland 10 84	50	97⅛	97⅝	−0⅛	−0⅛	10.63
Redland Fin. XW 9½ 91	25	93¼	93¾	0	+0⅛	10.47
Sears Roebuck 9 82	150	98¼	98¾	0	0	9.61
Stockholm 9¾ 84	60	99⅜	99⅞	−0⅛	−0⅛	10.04
UK 8¾ 93	150	95⅛	95⅝	−0⅛	−0⅛	9.70

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	91⅞	92⅜	−0½	−0⅛	6.82
Argentina 6½ 88	150	92¾	93¼	−0⅛	−0⅛	7.56
Australia 6 88	250	93½	94¼	−0½	−2¼	6.90
Austria 5¾ 90	150	88¾	89¼	−0½	−2½	7.18
Banco Desarrollo 7¼ 86	100	96	96½	0	−0½	7.97
Bankamerica 5¾ 90	150	90¾	91¼	−0⅛	−2	6.84
Bq. Ext. Algerie 7¼ 85	100	97¼	97¾	0	0	7.74
Brazil 7¼ 87	150	98¼	98⅞	−0⅛	−1	7.48
CECA 6 88	150	92½	93½	0	0	7.54
Ch. Manhttn. O/S 6 93	100	92¾	93¾	−0½	−1¾	7.03
Copenhagen City 6 90	75	89¼	90¼	−0⅛	−1¼	7.27
Council of Europe 6¾	130	92½	93¼	−1¼	−3	7.31
Denmark 5¾ 85	100	95	95½	−0⅛	−1⅛	6.77
Denmark 6½ 89	100	95¼	96	−0⅛	−0⅞	7.13
EIB 6 90	200	89¼	90	−1⅛	−2¾	7.37
EIB 6½ 91	200	93¾	94¼	−0⅛	−2	7.27
Eletrobras-Brazil 7 87	100	95¾	96¼	−0⅛	−0½	7.74
Eurofima 6½ 89	100	99⅞	100⅜	+0⅛	0	6.49
Finland 6 83	150	98¼	99	0	−0½	6.34
Hitachi Ship. 5¾ 83	50	96¾	97¼	0	0	6.58
Indonesia 7 84	100	95¾	96¼	−0½	−0½	7.92
Kobe, City of 5¾ 85	100	94¾	95¼	−0⅛	−1⅛	6.68
Megal Fin. 7 89	150	98¼	98⅞	−0⅛	−0⅞	7.21
Mitsubishi Petro. 5¾ 85	100	96½	97	+0⅛	+0⅛	6.38
New Zealand 6¾ 87	200	95⅞	97¼	+0⅛	−2½	6.80
Nippon Kokan 7½ 84	100	97¾	98½	−0⅛	−1⅛	7.97
Nippon Steel 5¾ 85	100	93¾	94½	+0⅛	+0⅛	6.92
Nippon Tel. & T. 5¾ 87	100	89¾	90¾	−0⅛	−1⅛	7.22
Nordic Inv. Bk. 6¼ 86	60	96¼	97¼	−0⅛	−1⅛	6.86
Norges Komm. 6 90	100	92¼	93¼	−0⅛	−1	6.94
Norges Komm. 6¾ 89	150	94¾	95¾	−0⅛	−1⅞	6.93
Norway 6¼ 84	200	100¼	100¾	−0⅛	−0½	6.10
Occidental 6¾ 90	150	95	95¾	−0⅛	−0⅞	7.35
OKB 6½ 88	100	97	97¾	−0⅛	−1⅛	6.87
OKB 6 87	40	95¾	96¼	−0⅛	−0⅞	6.67
Petrobras Brazil 7 88	100	95	95¾	−0⅛	−2½	7.70
Ricoh 5¾ 83	30	94¾	95¼	0	−1	6.05
Statoil 6 88	150	92¾	93½	−0⅛	−2¼	7.02
Statoil 6½ 89	150	96¾	97¼	0	−0⅛	6.93
UDS Group 5¾ 93	65	95¼	96¼	−0⅛	−1	6.90
Union Bank-Finn 6½ 88	50	92½	93¼	0	−0⅞	7.50
Venezuela 6½ 90	150	89¾	90¾	0	−0⅛	7.81
World Bank 6¾ 88	400	94¾	95½	−0⅛	−1	6.96

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	103½	104¼	−0⅛	+0½	4.72
Amer. Exp. Int. 3½ 93	40	94	94½	−0⅛	+1	4.03
Asian Dev. Bank 3½ 94	100	88⅛	88¾	−0⅛	+1⅛	4.66
Austria 3½ 93	100	92	92½	−0⅛	−1⅛	4.22
Australia 3¾ 89	250	95¼	96	−0⅛	−0⅛	4.14
Brazil 4¾	100	95¾	96¼	0	+0⅛	4.30
Canada 3¾ 89	300	96	96¼	0	+0⅛	4.17
Chase Manhattan 4 93	70	100	100¼	+0⅛	+1	3.98
Council of Europe 4¼	100	98⅛	98⅝	0	+0⅛	4.44
Bankamerica 3¾ 93	80	95⅛	95⅝	−0⅛	−0⅛	4.19
BNDE 5 88	75	101	101¾	+0⅛	+2	4.84
Denmark 4½ 90	100	101½	102	0	+0⅛	4.30
EIB 4¼ 93	100	96⅞	97¼	+0⅛	−0⅛	4.54
Euratom 4¼ 93	80	94⅛	94½	−0⅛	0	4.80
F. L. Smidth 4½ 89	25	99	99¾	+0⅛	+0⅛	4.81
Finland 4½ 93	80	85½	96¾	0	0	4.53
GZB 4½ 93	100	100	100¼	0	+0⅛	4.49
Heron 4¾ 89	35	95¼	95⅝	+0⅛	+1	4.83
ICI Fin. NV 3½ 94	230	91⅛	91⅝	−0⅛	+0⅛	4.78
Malaysia 4¾ 90	80	97¾	98	−0⅛	+0⅛	4.95
New Zealand 3½ 94	120	92½	92¾	0	+0½	4.18
OKB 3⅞ 91	100	95½	95¾	−0⅛	−0⅛	4.22
Pfand Ost Lande 4 90	60	95¾	96¼	−0⅛	−0⅛	4.41
Philippines 4¾ 89	50	97¾	98	0	+0⅛	5.03
Sandvik 4 90	85	97¾	98	+0⅛	+1½	4.23
Spain 4 91	100	96¾	96½	0	+0½	4.40
Vienna 4 93	100	94¾	95¼	+0⅛	+0⅛	4.48
World Bank 4½ 93	250	96½	96¾	0	+1	4.57

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅝ 88	15	85¼	86¼	+0⅛	+0⅛	7.90
Australia 5.6 83	30	93¼	94½	+0⅛	−0⅛	7.28
Australia 6½ 88	20	91¼	92¼	+0⅛	0	7.82
Finland 5.6 83	10	93¼	93¾	0	0	7.54
Finland 6.8 88	10	92¼	93¼	0	0	8.06

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	98¼	98¾	0	−0⅛	9.32
Ex. Dev. Cpn. 10 84 C$	50	99½	100	0	0	10.06
Hudson Bay 10½ 89 C$	60	99¾	100¼	0	0	10.50
Quebec 10¼ 86 C$	50	98¼	98¾	0	−0½	10.48
Komm. Inst. 7½ 93 EUA	15	97⅛	98⅛	−0⅛	−0⅛	7.76
Panama 8¼ 83 EUA	20	96¾	97¼	0	+0⅛	8.59
SOFTE 8¼ 89 EUA	40	97¼	98¼	0	−0⅛	8.59
Algemene Bk. 6¾ 83 Fl	75	96¼	96¾	+0⅛	−0⅛	7.60
CFE Mexico 7½ 83 Fl	75	97¼	98	−0⅛	−0⅛	8.42
EIB 7¾ 85 Fl	75	93¾	94¼	−0⅛	−0⅛	8.43
Ned. Middbk. 8¼ 84 Fl	75	99¾	100¼	0	−0⅛	8.21
New Zealand 6¾ 84 Fl	75	93⅞	94⅜	0	−0⅛	8.15
Norway 8¼ 84 Fl	100	100⅛	100⅞	−0⅛	−0½	8.08
Elf Aquitaine 9¾ 88 FFr	150	99¼	99¾	0	0	9.92
EIB 9¾ 88 FFr	200	99	99½	0	0	9.86
Norway 9¼ 84 FFr	200	99⅛	99⅞	0	0	9.37
PSA Peugeot 9¾ 87 FFr	175	99¼	99¾	0	0	9.85
Solvay et Cie 9¾ 87 FFr	125	99¼	99¾	0	0	9.86
Total Oil 9¾ 87 FFr	150	97	97¾	−0⅛	−0⅛	9.88
Unilever 10 85 FFr	100	100¾	101¼	−0⅛	−0⅛	9.76
CECA 9¾ 89 £	20	90⅞	91⅜	+0⅛	0	11.72
Citicorp 10 93 £	20	90½	91¼	+0⅛	+0½	11.33
EIB 9¾ 88 £	25	94¼	94⅞	+0⅛	−1	10.73
Finance for Ind. 13 91 £	15	103¾	104½	+0½	−0⅛	12.31
Gen. Elec. Co. 12½ 89 £	50	101¾	102¼	0	−0⅛	12.13
RAT 8 88 LuxFr	250	97⅛	98¼	−0⅛	−0⅛	8.37
Bayer Lux. 8 88 LuxFr	250	97⅛	98¼	−0⅛	−0⅛	8.38
EIB 7¾ 88 LuxFr	250	97⅛	98⅛	+0⅛	+0⅛	8.12
Euratom 8 87 LuxFr	500	99¾	100¾	0	−0⅛	7.95
Finland I. F. 8 88 LuxFr	250	97⅛	98⅛	0	0	8.34
Norway 7¾ 83 LuxFr	250	97⅛	98¼	0	−0⅛	8.35
Norges Km. 8 85 LuxFr	500	99¼	99¾	0	+0⅛	8.12
Oslo, City of 8 89 LuxFr	500	98⅞	99¼	0	+0⅛	8.11
Renault 7¾ 88 LuxFr	500	97⅛	98⅛	−0⅛	−0⅛	8.12
Solvay Fin. 8 85 LuxFr	500	100¾	101¾	+0⅛	0	7.86
Swedish Bk. 8 88 LuxFr	500	99½	100½	−0⅛	−0⅛	7.89

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0¾	96⅞	97⅜	31/7	11.44	11.76
BFG Fin. Co. M5.5 89	0¾	98½	99	12/7	12.4	12.56
Banco di Roma M6 87	0¾	98¼	98⅞	26/10	11.19	11.34
Bco. El Salvador M8 83	1¾	97⅛	97⅝	12/10	12⅛	12.58
Bco. Nac. Argnt. M8 83	0¾	100⅛	100⅝	21/7	12⅛	12.20
Bco. Nac. Argnt. 7 88	0¾	97½	98¼	22/9	11½	11.73
Banco Urquijo 6 88	0¾	97¾	98¼	21/9	11½	11.73
Bank of Tokyo M5½ 93	0¾	98¼	98¾	18/10	11⅛	11.34
Bq. E. d'Alg. M8.375 84	0⅞	97	97½	9/8	11⅞	12.21
Bq. Ext. d'Alg. M7.5 85	0⅞	95⅛	95⅞	2/5	12⅜	13.35
Bq. Indo et Suez M5½	0¾	99¼	99⅞	25/7	12	12.05
Bq. I. Af. Occ. M6.5 83	0¾	98¼	98¾	12/7	12.4	12.58
BNP 5½ 91	0¾	97¾	98¼	22/2	11⅜	11.61
CCCE M5.25 98	0¾	97¾	98¼	3/8	11⅜	11.62
Ch. Man. O/S M5¾ 93	0¾	98¼	98¾	27/7	11.73	11.84
Citicorp O/S Fin. 6 94	0¾	99½	99⅞	8/6	11.06	11.10
Credit National M5¾ 88	0¾	98½	99	11/7	12.31	12.47
Gotabanken M6 88	0¾	98¼	98¾	15/5	12.31	12.50
Ind. Bk. Japan M5½ 85	0¾	99¾	100¼	1/6	12.35	12.36
LTCB Japan M5¼ 85	0¾	99⅛	99⅝	9/6	12.06	12.14
Midland Intl. M5¼ 93	0¾	98¾	99¼	20/7	12⅛	12.37
Nipp. Crdt. Bk. M5.5 85	0¾	99½	100	22/6	12.81	12.85
OKB M5¼ 88	0¾	99½	99¾	18/10	11.44	11.49
Offshore Mining 86	0¾	99¼	99¾	19/7	12.19	12.25
Petro Mexicano 7¾ 84	0¾	99	99½	24/7	12.08	12.15
Privredna Banka M8 86	0⅞	96¼	97¼	22/8	13.44	13.87
Standard Chrt. M5.5 90	0¾	97⅞	98⅜	10/8	11.56	11.78
Sundsvallsbkn. M6 85	0¾	97¾	98¼	4/10	11.06	11.20
Texas Int. Air. M7 86	0⅞	97¾	98¼	11/10	11⅛	11.46
Utd. Overs's Bk. M6 89	0¾	97¾	98¼	29/9	11.14	11.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	34	118½	119¼	+0½	−0.61
Boots 6¾ 93	2/79	2.16	110¾	111¾	−0⅛	−4.02
Ciba-Geigy O/S F. 4 94	9/79	675	93¾	94½	+0⅛	−17.16
Coca-Cola Bottling 6¾	4/79	9	90	91½	−0⅛	20.83
Esselte 7¼ 89	9/79	159	97⅛	98⅛	0	6.03
Honda Motor 5½ 89	5/79	632	101½	101⅞	+1⅛	2.28
Ito-Yokado 5¾ 93	6/78	1339	107¼	108¼	−0⅛	2.35
Novo Industri 7 89	4/79	259	87½	89¼	+0⅛	13.85
Texas Int. Air. 7½ 93	4/79	14.5	91	92½	+2⅛	15.68
Thorn Int. Fin. 7 88	11/78	3.67	137¼	138¼	+0⅛	−2.25
Asahi Optical 3½ DM	12/78	588	90⅛	91⅛	0	8.49
Casio Cp. 3½ 85 DM	11/78	847	91	92	−0⅛	16.06
Izumiya 3½ 86 DM	10/78	989	88¼	89¼	+0½	1.83
Jusco 3½ 86 DM	1/79	1154	85¼	86¼	−0⅛	25.78
Kansai Elec. 4 84 DM	4/79	1350	88¾	89¾	−0⅛	32.52
Konishiroku 3½ 85 DM	1/79	612	91⅞	92⅜	−0⅛	18.84
Marudai Food 3½ DM	2/79	1033	84¼	85¼	−0⅛	25.99
Murata M. 3½ 86 DM	11/78	854	96½	97½	−0⅛	6.08
Nipp. Air. 3.5 88 DM	12/78	509	84	85	−0⅛	10.74
Nippon Ysn. 3½ 85 DM	1/79	251	92⅞	93⅞	−0⅛	2.90
Nissan Diesl. 3½ 86 DM	2/79	477	91⅛	92⅛	−0⅛	7.60
Olymp. Opt. 3½ 85 DM	2/79	703	99¼	100¼	−0⅛	0.88
Ricoh 3½ 86 DM	10/78	617	92¾	93¾	−0⅛	14.77
Sharp Cpn. 3½ 88 DM	2/79	497	94¾	95¼	−0⅛	10.52
Stanley Elec. 3½ DM	11/78	622	88⅞	89⅞	−0⅛	26.13
Tokyo Elec. 3½ 87 DM	4/79	476	92¾	93¼	+0⅛	19.67
Tokyu Ld. Cn. 4 86 DM	4/79	493	86⅞	87⅞	−0⅛	9.68
Trio-Knwd. 3½ 86 DM	11/78	711	86⅛	87⅛	−0⅛	16.07

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
April 20	95.31	8.82	89.32	9.36
April 27	95.30	8.83	89.33	9.37
High '79	95.76 (1/2)		89.99 (30/1)	
Low '79	94.40 (11/1)		88.67 (28/2)	

EUROBOND TURNOVER (nominal value in $m)

U.S. $ bonds	Cedel	Euroclear
Last week	473.0	1,546.3
Previous week	263.8	981.7
Other bonds		
Last week	359.3	511.4
Previous week	256.2	297.6

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Bondtrade; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Banque Francaise de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on April 27.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—

Allen Harvey & Ross, 45, Cornhill, E.C., 12.30
Barget, 9, Stepfeld, Witham, Essex, 10.00
Eastern International Inv., 1, Barclay Street, W., 10.00
Phoenix Mining Finance, 111, Park Street, W., 4.00
Viking Oil, 4, Melville Street, Edinburgh, 12.00
Westminster Property Group, Waldorf Hotel, W.C., 11.30

BOARD MEETINGS—

Finals:
British Home Stores
Canadian & Foreign Inv. Trust
City Hotels
Comfort Hotels (International)
Hill (Charles) of Bristol
Hunting Associated Industries
Laing (John)
Mole (M.)
Scottish Heritable Trust
Tootal

Interim:
Wellco

DIVIDEND & INTEREST PAYMENTS—

Airfix Inds. Ln. 3¾pc
Allied Farm Foods Db. Stk. 4pc
Amatil Pf. 3¼pc
Armour Trust Ln. 5.4pc
Ashbourne Invest. Ln. 4¼pc
Associated Electrical Db. 3pc
Aveling Barford Db. 3⅞pc
Babcock Ind. Elect. Prods. Db. 3⅞pc
Barclays Bank 7.4939p
Barlow Rand 6pcPf. 6 cents
Bath 11¼pcRed. 5⅝pc
Bath Portland Group 7¾pcPf. 2.7125pc. Ln. 3¾pc
Batleys of Yorkshire 10pcPf. 5pc
Beattie (James) Db. 3¼pc
Bishopsgate Trust Db. 2¾pc
Blackwood Hodge 6pcPf. 2.1pc
Blundell-Permoglaze Hldgs. Db. 3¼pc. Ln. 3¾pc
Boulton (William) 8¼pcPf. 2.8475pc
Brascan Class A 25 cents
British-American Tobacco 6pcPf. 2.1pc
British Columbia Elect. Bds. (Br.) 2⅝pc
British Land Ln. 6pc
Brixton Estates Db. 3¼pc
Brown Tawse 7pcPf. 2.45pc
Bruntons (Musselburgh) 4.376p
Burgess Prods. 6pcPf. 2.1pc
Burmah Oil 6pc1st and 2ndPfs. 2.1pc. 7¼pcPf. 2.5375pc. 8pcPf. 2.8pc
Burndene Invests. 0.5p
Cantors 7½pcPf. 2.625pc
Chemring 4.9pcPf. 2.45pc
Clark (Matthew) 7pcPf. 2.45pc
Clutsom-Penn Intnl. Dbs. 3¼, 3¼pc
Cowan, de Groot 10½pcPf. 6.56pc
Crowther (John Edward) 5½pcPf. 1.925
Davenports (Brewery) 5pcPf. 1.75pc
Dow Chemical 35 cents
Drake & Scull 7pcPf. 3.5pc
Dundee and London Invest. Tst. 5pcPf. 1.75pc. Db. 2½pc
Dunlop Hldgs. 5¾pcPf. 2.0125pc. Db. 2¼pc
ERF 10pcPf. 7.12329pc
English Electric Db. 3⅞pc
English Property Db. 4[illegible]pc
Estates Property Inv. Db. 3 3⅞pc
Excalibar Jewellery 0.2942p
FMC 4.4Pf. 2.2pc. 5.45pf 2.725pc
Findhorn Finance Ln. 8¼pc
Firth (G. M.) (Metals) 1.5p
Fisons Db. 3, 3½pc
Foreign & Colonial Investment Tst. Ln. 3½pc
Garton Engineering Ln. 4¼pc
Goldman (H.) Grp. Ln. 4⅞pc
Grand Metropolitan Hotels (Scotland) 5pc Pf. 1.75pc
Greenfields Leisure 10pc Pf. 5pc
Guildhall Property 6pcPf. 2.1pc
Hammersmith 9½pcRed 4¾pc
Hanimex Corpn. 4 cents
Heinz (H. J.) 4½pcPf. 1.575pc
Herbert (Alfred) Db. 3⅝pc
Heywood Williams 8pcPf. 2.8pc
Howden Grp. Db. 3⅞ 4¼pc
Hudson Bay Co 27½ cents
Hume Hldgs. Ln. 2¾ 2¾pc "B"
Huwood 7pcPf. 2.45pc
ITT Distrbtrs. Db. 3½pc
Imperial Grp. Ln. 3.45 3.75 4pc
Islington 12¼pc 1983-84 6⅛pc 12¾pc 1986-87 6⅜pc
Jackson (William) & Son 7½pcPf. 2.625pc
Johnson Matthey Deb. 3⅝pc
Keelavite 6½pcPf. 2.275pc
Kensington & Chelsea 11¾pc 1985-87 5⅞pc
LRC Intnl. 4pc
Land Securities Inv. Tst. Deb 3 (1988-93) 3⅝pc
Latham (James) 8pcPf. 5.5pc
Lead Industries 7pcPfd. 2.45pc
Lex Service Grp. 2.7p
London Shop Property Tst. 5½pcPf. 1.925pc. Ln. 3¼pc
London Trust Deb 1¾ 2 2¼ (1978-83) 2¼ (1983-88)
Lonrho Ln. 4 4 (cnv.)
Lookers 1.74565p
Low & Bonar Gp. Ln. 6¼pc
Lowe (Robert H.) 6½pcPf. 2.275pc
Macanie (London) Ln. 3¼ 3¾pc
Mackinnon of Scotland 7¼pcPf. 3.625pc
Marchwiel 9pcPf. 4.5pc
Marley Deb. 3¼pc
Massey-Ferguson Ln. 3¼pc
Menzies (John) Deb. 3¼pc
Metal Closures Grp. 6pcPf. 2.1pc
Miller Rayner & Haysom 10pcPf. 3.5pc
Newarthill 8¼pcPf. 2.8875pc
Norfolk Capital 0.6p
North (James) 3¼pc
Oliver (George) (Footwear) Ord. and A 1.5p
Plessey Connectors Deb. 3⅝pc
Portsmouth & Sunderland Newspapers 8pcPf. 2.8pc
Priest Marians 6pcPf. 2.1pc
Radio and Allied Hldgs. Deb. 3¼pc
Rank Organisation Ln. 5[illegible]pc
Ranks Hovis McDougall Ln. 3[illegible]pc
Ransome Hoffmann Pollard Ln. 4pc
Renwick Grp. 4.9pcPf. 2.45pc
Rosedimond Inv. Tst. Income Shs. 2.5p
Saga Holidays 2.5p
St. Helens 11¼pc 1985 5⅝pc
Samuel (H.) Deb. 2¾ 3¾pc
Scottish & Newcastle Breweries 5½pc 1.925pc. 7¾pcPf. 2.7125pc
Scottish Eastern Inv. Tst. 2.8p
Scottish Ice Rink (1926) 3.4p
Scottish Inv. Tst. Deb. 2 2½ 2½ (perp.)
Shaw Carpets Deb 4¼pc
Ship Mortgage Finance Deb. 3pc
Southerns-Evans Deb. 4pc
Steinberg Grp. 5pcPf 1.75pc
Tate & Lyle Ln. 6½pc
Texaco Intnl. Financial Corp. Ln. 2¾pc
Tozer Kemsley & Millbourn Hldgs. Ln. 4pc
Transamerica Cor. 25 cents
Trietus 20pcPf. 7pc
Truman Deb. 2pc
Triplevest Income 2.498p
Trust Houses Forte Deb. 3⅛ (1984-89) 3½ (1985-90) 3⅝. 3¼pcLn. 4.55pc
Valor 5¼pcPf. 2.625pc
West of England Tst. 0.65p
Westminster & Country Properties 0.5p. Ln 4pc
Whittingham (William) (Hldgs.) 7½pcPf. 2.625pc. Ln. 4pc
Woodhouse & Rixson (Hldgs.) 1.19903p

TOMORROW

COMPANY MEETINGS—

Banro Cons., Belfry Hotel, Wishaw, Sutton Coldfield, 12.00
Kleinwort, Benson, Lonsdale, 20, Fenchurch St., E.C., 12.00

BOARD MEETINGS—

Finals:
Alginate Industries
Anchor Chemical
Boustead
Central & Sheerwood
Davies & Newman
Haden Carrier
Minty
Nurdin & Peacock
Roberts Adlard
Spear & Jackson
Turriff Corporation
Wadham Stringer
Wire & Plastic Products

DIVIDEND & INTEREST PAYMENTS—

APV Hldgs. 3.15pcPf. 1.575pc. 4.55pc Pf. 2.275pc. 5.25pcPf. 2.625pc
Allen Harvey & Ross 11.437p
Anglia TV Non-V A 2.6288p
Anglo-African Finance 0.75p
Aquis Secs. 0.5p
Atlas Electric & General Tst. Db. 2½pc
Ayr 6½pcRed. 3¼pc
BET Omnibus Svcs. 5½pcPf. 1.925pc
Bahia 5pc Gold Ln. of 1904 (Plan A—Int. now 1⅝pc) [illegible]pc
Bailey (C. H.) Ord. and B 0.17224p
Baltic Mercantile & Shipping Exch. Db. 1¾pc
Basset (Geo.) 7½pcPf. 2.625pc
Bell & Sime 5pcPf. 1.75pc
Birmingham 13pcRed. 1983 6½pc
Boulton & Paul 5pcPf. 1.75pc. 5½pc Pf. 1.925pc. 7pcPf. 2.45pc
Brighton 6½pc 1976-79 3¼pc
Bristol 3½pcPerp.Deb. 1¾pc. 7¾pcRed. 1979-81 3⅞pc. Variable Rate Red. 1982 £6.34
British Electric Traction Db. 2¼pc
British Gas 3pcGtd. 1990-95 1½pc
British Invest. Tst. 5¼pcPf. 1.8375pc
British Mohair Spinners 6pcPf. 2.1pc
British Shoe Corpn. 6½pc3rdPf 2.275pc
Cameron (J. W.) 5pcPf. 1.75pc. 6pcPf. 2.1pc
Cantors Ord. and A (N.-V.) 0.825p
Chase Manhattan Corpn. Cnv.Cap.Notes due 1993 2[illegible]pc

DIVIDEND & INTEREST PAYMENTS—

City & Intnl. Tst. Dbs. 2¾, 2¼pc
City Investing 30 cents. Pf. 50 cents
Coates Bros. 4½pcPf. 1.575pc
Continental Illinois Corpn. 36 cents
Courage Dbs. 3⅛, 3⅝pc
Crouch Group 1p
Dalgety Db. 2¼pc
Daniell Sons Breweries Db. 2¼pc
Derwent Valley Railway 5.592p. 5pcPf. v.5pc
Dominion Gen. Trust 5pcPf. 1.75pc
Drake Scull 3.5pcPf. 1.75pc
Drayton Consd. Trust Db. 2¼pc
Dublin Port Docks Brd. 4pcRd. 75-85 2pc
Edinburgh Invest. Trust Db. 3⅜pc
Electric Gen. Invest. Db. 2¼pc
Ellerman Lines 6¼pcPfd. 2.1875pc. 4½pc Pf. 1.575pc. 5½pcPf. 1.925pc
Esso Petroleum Db. 2¾pc
Ferranti 3.85pcPf. 1.925pc
First Scottish American Trust 1¾pc
Funding 6½pcLn. 85-87 3¼pc
Furness Withy 5pcPf. 1.75pc
Genral Stockholders Inv. 5½pcPf. 1.925pc
Glaxo Ln. 3⅞pc
Gossard 5½pcPf. 1.925pc
Great Northern Inbest. Trust Db. 2⅛pc
Greek 7pc Refugee Ln. 1924 (Assd. with accept certs. (3½pc) 1¾pc
Guaranteed 4½pcBds. created under N.I. Land Act (1925) Red. 2¼pc
Hardys Hansons Pf. 1.75pc. Db. 2pc
Harrison Sons 6pcPf. 2.1pc
Harrisons Malaysian Ests. 1.5p
Hellenic Gen. Trust Db. 2⅛pc
Henekys 7½pcPf. 2.625pc
Hungarian 7½pcStlg.Bds. 1924 Enf. Bds. (4½pc) (Assd. to London Settlemt.) 2¼pc
Ireland (Republic of) 4¼pcNat.Ln. 2¼pc
King and Shaxson 5pcPf. 1.75pc
Lawtex 1.65p
Leeds Fireclay Co. Deb. 2pc
Lindustries 5pcPf. 1.75pc
London & Holyrood Tst. Db. 2pc
Londonderry Port and Harbour Comm Port of Londonderry 3½pcCom. 1¾pc
M and G Extra Yield Fnd. Income 2.6p
McCaw Stevenson and Orr 5pcPf. 1.75pc
Marks & Spencer 10pcPf. 3.5pc
Marshalls (Halifax) 10pcPf. 5pc
Mentmore Manufacturing 6pcPf. 2.1pc
Merchants Tst. Deb. 2pc
Mills & Allen 6½pcPf. 2.27pc
Mixconcrete 2.19p
Montreal (C. of) 3pcPerm.Db. 1½pc
Moorside Tst. 5pcPf. 1.75pc
Newman Industries 10pcPf. 5pc. 10¼pc Pf. 5.125pc
Northern American Tst. 3½pcPf. 1.75pc. Deb. 1⅛pc. Ln. 2½pc
Norwich 3pcRed. 1½pc
Nottingham 3pcIrred. 1½pc
Parkland Textiles (Hldgs.) 4½pcPf. 1.575pc
Pentland Inv. Tst. Deb 1¾ 2pc
Pentos 4½pcPf. 1.575pc
Pernambuco (Recife) (C. of) 5pcLn. (Plan A—1⅝pc) [illegible]pc
Phillips Furnishing Stores 6½pcPf. 2.275pc
Port of Londonderry 3½pcCons. 1¾pc
Property and Reversionary Inv. Corp. 5pc Pf. 1.75pc
Raine Engineering Inds. 0.286p
Ratcliffs (Great Bridge) 1.3583p
Reading 3½pc 1978 or after 1¾pc
Reckitt & Colman Deb. 3⅝pc
Reed Publishing Hldgs. Debs 1¾ 3¼pc
St. Andrew Trust Db. 1½pc
Scottish Agricultural Sec. Cpn. 3½pcDb. 63-93 1¾pc
Scottish Invest. Trust 3.5pcPfd. 1.75pc. 3.85pcPfd. 1.75pc. 3.85pcPfd. 1.925pc. 4.55pcAPf. 2.275pc
Smith (W. H.) Son Db. 2⅛pc
Sobranie Db. 3¼pc
South Africa 9½pcReg. 4¾pc
Southwark 15pc 80-81 7½pc
Stock Exchange Red. Anns. 2¼pc
Tate of Leeds 1.25p
Trans-Oceanic Trust 5pcPf. 1.75pc
Treasury Ln. 6¾pc 95-98 3⅜pc
Treasury Stk. 10½pc 1979 5¼pc
Tunnel 3.85pcPf. 1.925pc. 3.5pcPf. 1.75pc
Union Cpn. 18.109176p
Union Intnl. 7pcPf. 2.45pc
Vaux Breweries 7pcPf.s 2.45pc. 4½pcPf. 1.575pc. 6½pcPf. 2.275pc
Warley 7¾pc Red. 79-80 3⅞pc
Watney Mann Truman Hldgs. Db. 3[illegible]pc. Lns. 2¼. 4[illegible]pc
Webster (Samuel) Db. 2¼pc
Whitbread 4½pcPf. 1.575pc. 6pcPf. 2.1pc. 7pcPf. 2.45pc. Db. 2¼pc
Witan Invest. Dbs. 2pc (74-84). 2¾pc (74-84)
Young Brewery Db. 3⅝pc

WEDNESDAY MAY 2

COMPANY MEETINGS—

Equity & Law Life, Lincoln's Inn Fields, W.C., 12.15
Expanded Metal, Institute of Directors, 116, Pall Mall, 12.30
Fairclough Construction Group, Midland Hotel, Manchester, 11.30
Family Inv. Trust, 20, Fenchurch St., E.C., 2.30
Federated Land & Building, 100, Old Broad St., E.C., 12.00
Lambert Howarth, Burnley Crest Hotel, Burnley, 12.00
Mackay (Hugh), Royal County Hotel, Durham City, 12.00
Thurgar Bardex, Telford Way, Kettering, Northamptonshire, 11.30

BOARD MEETINGS—

Finals:
Allied Plant
Aitifund
Carke (Clement)
Continental Union Trust
Furness Withy
Holyrood Rubber
Hongkong (Selangor) Rubber
Kuala Selangor Rubber
Laporte Industries
Macdonald Martin Distilleries
Manchester Liners
P. & O.
Shiloh Spinners
Walker (J. O.)

Interims:
National & Commercial Banking
Safeguard Industrial Investments

DIVIDEND & INTEREST PAYMENTS—

American Medical Intl Inc., 20 cents
Black (Peter) 2.662p
Bogod-Pelepah and A 0.335p 0.67p
British Vita 1.6p
Thurgar Bardex 0.4635p
Trans-Oceanic Trust 2p
Wrighton (F.) (Assoc. Cos.) 5½pcPf. 1.925pc

THURSDAY MAY 3

COMPANY MEETINGS—

City & Commercial Inv. Trust, 117, Old Broad St., E.C., 12.15
Collins (William), Westerfield Road, Bishopbriggs, Glasgow, 11.00
Hewitt (J.), Fenton Low Works, Victoria Road, Fenton, Stoke-on-Trent, 12.00
Montford (Knitting Mills), Grand Hotel, Leicester, 12.00
Ransomes Sims and Jefferies, Nacton Works, Ipswich, 3.00
Smith & Nephew, Grosvenor House Hotel, Park Lane, W., 11.00
Solicitors' Law Stationery Society, Savoy Hotel, W.C., 12.00
Spencer (George), Wimborne House, Bar Lane, Basford, Nottingham, 12.00
Yule Catto, New Bond Street House, 1 New Bond St., W., 12.00

BOARD MEETINGS—

Finals:
Boot (Henry)
Guardian Investment Trust
Hawtin
Highcroft Investment Trust
Pentland Industries
Porter Chadburn
Save & Prosper Linked Inv. Trust

Interims:
British Sugar
Harrisons Malaysian Estates
Sungei Bahru Rubber Estates
Wemyss Investment

DIVIDEND & INTEREST PAYMENTS—

Anglo-American Industrial Corp. 55 cents
Britannic Assurance 5.7905p
Family Inv. Tst. 2.85p
First Guernsey Securities Tst. 3.5p
Hewitt (J.) (Fenton) 1.2776p
Jamesons Chocolates 2.759p
Neil & Spencer 3.55p
Treasury 15¼pc 1996 7.625pc

FRIDAY MAY 4

COMPANY MEETINGS—

Alliance Trust, Meadow House, 64, Reform St., Dundee, 11.30
Church & Co., St. James, Northampton, 11.00
Lyon & Lyon, Marker House, Nottingley, W. Yorkshire, 12.15
Montague Boston Inv. Trust, 117, Old Broad St., E.C., 12
Standard Trust, 142 Holborn Bars, E.C., 4.00
Turner (W. & E.), St. Crispins Way, The Roundabout, Thurmaston, Leicester, 12.00

BOARD MEETINGS—

Finals:
Grovebell
Neil (James)
Ovenstone Investments

Interims:
Kwik Save Discount
Ulster Television

DIVIDEND & INTEREST PAYMENTS—

Assam-Dooars 9.5057p
Belfast 6½pcRed. 1977-80 3.25pc
Chambers & Fargus 0.25p
Clay (Richard) 1.61226p
Collins (William) & Sons Ord. and A 3.094p
Delta Metal Deb. 5¾pc
Ductile Steels 2.1187p
East Lancs. Paper 2.176p
General Mining & Finance Corpn. 39 cents
Hall Engineering 2.471p
Howden Grp. 2p
Intnl. Inv. Tst. 1.83p
Manders 2.41p
Metal Box Ln. 5¼pc
Montfort (Knitting Mills) 2.837p
Needlers 2.01p
Noble & Lund 0.6125p
Pullman (R. and J.) 2.02p
Refuge Assurance 6.2p
Second City Properties 0.5628p
Sirdar 1p
Spencer (George) 1.990678p
Stone-Platt Inds. 1.33p
Walker (Thomas) 0.1675p
Weber 9p
Western Dooars Tea 5.24p
Yule Catto 1.54p

SATURDAY MAY 5

DIVIDEND & INTEREST PAYMENTS—

Berwick Timpo 5½pcPf. 1.925pc
Blue Circle Inds. Deb. 5¼pc
Church & Co. 2.81p

SUNDAY MAY 6

DIVIDEND & INTEREST PAYMENTS—

Arndale Property Trust Ln. 3⅞pc
Assoc. British Foods Deb. 3⅝pc
Brixton Estates Deb. 3⅞pc
Burton Group Ln. 3½pc
Cadbury Schweppes Ln 4⅛pc
Carpets Intnl. Deb. 4⅛pc. Ln. 4¼pc
Distillers Ln. 3¾pc
Horst (Charles) Motors Deb. 3¼pc
Tillying (Thomas) Ltn. 4¼pc
Whitbread Ln. 3¼pc (1995-99)

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	109.8	115.6	+0.2	3.05
Abbey Capital	40.9	43.5	-0.2	4.11
Abbey Income	47.8	50.8	-0.4	5.99
Abbey Inv. Tst. Fd.	42.0	44.7	-0.2	4.40
Abbey Gen. Tst.	55.6	59.3	-0.4	3.94
Equitas Prog. Tst.	76.4	80.6	-0.7	4.19

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	99.2	104.4	.....	12.42

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	80.8	86.5	-0.5	4.81
Brit. Inds. Fund	78.9	84.4	-0.8	4.74
Grth. & Inc.	45.0	48.2	-0.5	4.56
Elect. & Ind. Dev.	42.2	45.2	-0.4	4.12
Allied Capital	84.3	90.2	-0.7	4.01
Hambro Fund	130.7	139.8	-1.2	4.64
Hambro Acc. Fd.	150.9	161.5	-1.2	4.06

Income Funds

High Yield Fd.	82.5	88.3	-0.4	7.53
High Income	77.0	82.4	-0.5	6.46
A. H. Eq. Inc.	45.8	49.0	-0.3	6.53

International Funds

International	26.2	28.0	-0.2	2.87
Pacific Fund	39.0	41.7	-0.1	2.13
Secs. Of America	55.7	59.6	-0.4	1.93

Specialist Funds

Smaller Co.'s Fd.	48.9	52.3	-0.1	3.63
2nd Smlr. Co's Fd.	60.5	64.7	-0.2	3.86

Friends' Provdt. Unit Tst. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	52.9	56.5	-0.4	4.25
Do. Accum.	69.8	74.6	-0.5	4.25

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital April 26	117.6	119.7	+5.0	4.18
Gross Inc. April 26	88.5	90.6	+3.0	7.95
High Yield April 26	97.3	100.8	+2.1	8.33

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	109.2	116.1	+0.9	2.60
Do. Acc.	134.0	142.5	+1.2	2.60
G.T. Inc. Fd. Un.	178.6	189.9	+0.3	8.30
G.T. U.S. & Gen.	130.7	139.0		
G.T. Japan & Gen.	81.0	86.5	-0.1	2.10
♦G.T. Pens. Ex. Fd.	214.4	225.0	.....	2.80
G.T. Int'l. Fund	155.2	165.1	.....	1.60
G.T. Four Yds. Fd.	63.2	67.2	.....	7.60
G.T. Far East & Gen.	44.6	47.9	+0.1	2.20

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	40.4	43.1	-0.4	4.27

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-283 3531
Dealing only: 01-623 5766/5806

American Tst.	25.6	27.5	-0.4	0.46
British Tst. (Acc.)	67.9	73.0	-0.1	3.30
Commodity Share	181.0	194.6	-1.5	3.35
Extra Income Tst.	28.2	30.3	-0.2	7.42
Far East Trust	33.0	35.5	.....	0.24

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

FINANCIAL TIMES SURVEY

Monday April 30 1979

The Grocery Industry

The major problem now facing the grocery industry is the static demand for food, with the result that the price war in Britain's High Streets is becoming even fiercer. This development will be among key issues being discussed at today's annual conference of the Institute of Grocery Distribution.

Battle in the High Street

By David Churchill

Consumer Affairs Correspondent

THE FIRST phase of the High Street price war is over—but the second phase is now on and the competition is as fierce as ever.

That, basically, is now the state of the grocery industry as delegates gather at the Institute of Grocery Distribution's annual conference in Brighton, today.

While representatives of manufacturers, wholesalers, and retailers at today's conference will undoubtedly have their own views as to the causes, course, and the outcome of the battle for a larger slice of the grocery market, at least two points are clear.

One view is that the grocery industry will never be quite the same since that fateful day in June, 1977—straight after the Queen's Silver Jubilee celebrations — when Tesco dropped trading stamps and launched its "Operation Checkout."

Secondly, whatever has happened over the past 22 months—and some companies clearly adopted mistaken strategies—the industry is now more concerned at how it will cope with the problems the industry faces in the next decade.

Undoubtedly, the major problem the grocery industry faces is the static—and even falling—demand for food.

"The low rate of growth in food sales is so low as to be almost invisible at times," points out Mr. Derrick Hornby, president of the Food Manufacturers' Federation.

The IGD's market review, published today, also confirms that "the percentage of total expenditure devoted to food appears to have reverted to the long-term trend of steady decline.

"It is clear," the IGD adds, "that during 1978 the durable goods sector reaped the greatest benefit from enhanced incomes, followed by the 'other services' category. It is perhaps of significance that in the last reported quarter this category (which includes such items as travel, entertainment and recreation) exceeded food in terms of the percentage of total expenditure.

"In other words, based on Central Statistical Office categories, in the third quarter of 1978 food was, for the first time, no longer the largest item of consumer expenditure."

Limited

It is clear that if volume growth in food is limited, then the competition for a share of that market becomes even more fierce.

"The price war in the High Street is a direct result of the low rate of growth in food sales," says Mr. Hornby, "the large multiples are thus compelled to try to improve their own market shares."

And this is exactly what has happened throughout the 1970s, according to statistics produced by the Nielsen market research company. The multiples share of grocers' sales has risen from 44.3 per cent in 1971 to 53.3 per cent last year. While the Co-operatives' share has remained virtually unchanged, it is the independent grocers who have lost out, according to the Nielsen figures. Their market share has slumped from 42.5 per cent to 33.1 per cent.

The multiples' marketing strategy is simple, and if it succeeds, is completely effective. The theory is that by cutting prices (and therefore profit margins, as well) the multiple can generate sufficient extra volume sales in the short term to at least cover the lost profits.

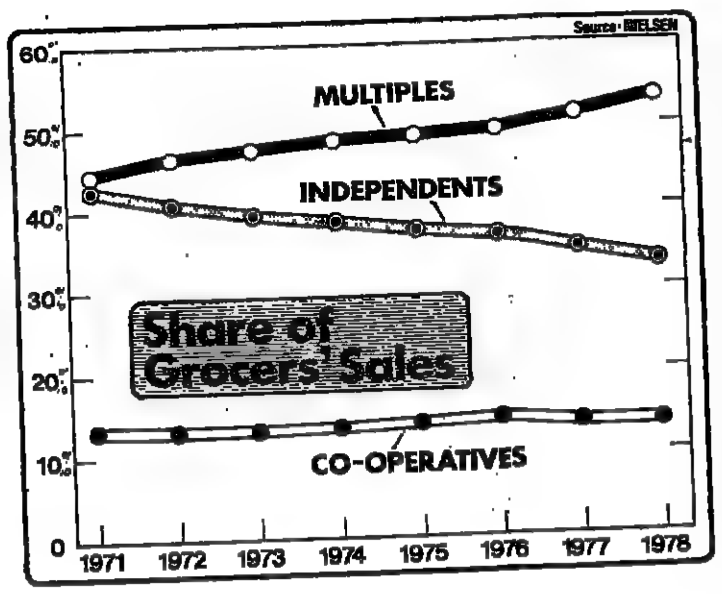
But in the longer-term, if the extra volume can be maintained after the initial price-cutting offensive, then a return to more realistic prices and profit margins will mean substantially higher profits.

That, at least, is the theory. In practice, it does not always work out, especially if the price-cutting campaign does not succeed in generating extra sales—or if these are lost once the price cuts finish.

But Tesco decided to take the plunge and start a price campaign in June, 1977. Its timing was a culmination of a number of factors, including a response to the high inflation rates of the mid-70s, the decision to drop trading stamps (using the money thus "saved" to make price cuts, instead) and the result of the evolution of a new breed of professional management within Tesco, keen to set a new image for the company and lay the foundations for the 1980s.

This, then, was the first phase of the price war and there seems little doubt that Tesco and J. Sainsbury have emerged as the winners.

Tesco's "Operation Checkout" campaign quickly led to a massive 40 per cent sales jump and boosted market share by an unprecedented 50 per cent, from around 8 to 12 per cent of the packaged grocery market, as



monitored by AGB. Since then, Tesco has not only held on to this market share, but has continued to increase it — it now stands at around 13 per cent.

But more importantly, Tesco also succeeded in boosting its profits. The interim pre-tax profits of £13.8m in the current financial year—up from £10.3m —were a record for a half year.

Following Tesco's initiative, the other supermarket multiples sought to enter the fray. But of these, only Sainsbury has emerged as a "victor" with the success of its "Discount '78" campaign which it is now continuing. Sainsbury allied its traditional reputation for quality and value for money with extensive and well-publicised price cuts in basic commodities.

Within a few months of launching its counter-offensive in January 1978, Sainsbury share of the packaged grocery market jumped from around 8 per cent to about 10.5 per cent. While not as spectacular as Tesco's leap, it was still a remarkable achievement in terms of the grocery market. Sainsbury's market share has since crept up to almost 11 per cent and the company says that when fresh foods are taken into account, its total share of the market is probably equal to that of Tesco.

Sainsbury's interim financial results also showed sharp increases, with pre-tax profits up by almost a quarter to £15.6m and sales turnover up by more than 28 per cent.

In the military terminology which seems to have entered the grocer's vocabulary, the short, sharp offensives launched by Tesco and Sainsbury virtually represented a "blitzkrieg" on the grocery market. Both Tesco and Sainsbury, by a combination of aggressive marketing, deep price-cutting, sound distribution, and efficient management, have pushed themselves to the front of the market and are determined to stay there.

With their higher volume sales they have also been able to maintain their grip on the market and prevent any significant counter-offensives being fought. Tesco and Sainsbury can afford to keep prices and margins at a low level since they have the volume to make it pay. Their rivals, without the same sales volume, find their margins and profitability under increasing pressure.

No other chain now has the opportunity to launch another Tesco-type operation, since margins are already pared to the bone. International Stores, which last autumn abandoned the trading stamp franchises it picked up from Tesco, was able to make little headway with the £5m it switched from stamps to price cuts.

In addition, even if a major multiple could afford another deep price-cutting operation now, it is doubtful if it would have the same effect as the Sainsbury or Tesco campaigns. However gullible supermarket chiefs may expect the public to be, there is a limit to their willingness to believe every claim to be the cheapest shop around. Tesco, Sainsbury and, to a certain extent, Asda, have been able to achieve such an image, which would be difficult to supplant.

Thus, to all intents and purposes, Tesco and Sainsbury have "won" the price war. But because the "victory" was achieved without irreparably damaging the other combatants —the market gains have been made at the expense of the independent sector—the grocery industry seems to be headed for a long period of trench warfare.

Tesco and Sainsbury may be the winners in the short-term —but there is every sign that the war in the High Streets will continue until well into the 1980s. The IGD reports that gross margins have been trimmed to their lowest level since its grocery profitability "model" was first constructed in 1972-73, while net margins are back to the low point of 1975-76.

"This is, of course, a direct result of the continued competition between the multiple chains and confirms that, contrary to some reports, there appears to be no easing of the pressures," points out the IGD, in its latest market review.

Superstores

While prices will still remain competitive, the real issue over which the continuing High Street war will be fought clearly is the battle for superstore development.

The major multiples may not be able to launch another deep price-cutting offensive in the short-term, but in the longer term they can achieve the same result by boosting volume through the expansion of selling space.

But not only do large stores mean more sales of foodstuffs: they also mean that the multiples can concentrate on non-foods ranging from clothes to colour televisions for which consumer demand is growing and for which the profit margins are highest. The multiples are investigating almost every other retailing activity in the High Street to see if it can fit in with their food trading activities. Thus, Sainbury's has been leading the fight to sell branded cosmetics through its stores, and Tesco has been experimenting with holidays, gardening, and Do-It-Yourself among other projects.

The crucial areas on which the continuing war will be fought, therefore, are how quickly large stores can be opened and how successfully a profitable product mix can be created.

The significance of the superstore to the multiples was shown by the fact that last year saw a rapid spate of openings. Tesco led the way with nine new superstores, Sainsbury with eight, Fine Fare with seven, and Asda with six.

Geographically, the major shift in the past 12 months has been the growing encroachment of Asda towards the south, while Sainsbury is slowly moving north.

Yet, while it is clear that the seemingly inexorable trend in grocery retailing is towards larger and larger stores, the grocery market in the 1980s is still likely to find a place for the numerous small, independent grocers. Market analysts believe that the grocery sector will polarise between the very large stores—popular with a more affluent and mobile shopping public and very small stores which will offer convenience instead of price competition.

The next decade will also be significant for the grocery industry for two other factors: One is the ability of the multiples to harness the new computerised electronic developments to improve management information and store traffic. The major development for the 1980s will be the widespread introduction of laser-scanning of grocery products at the checkout, to provide a detailed bill for the customer and speedier information for the manager

The other major development, which could have as great an impact on the grocery market as trading stamps in the 1960s, is the rapidly growing introduction of credit cards. The grocery industry is confident that when the cashless society finally comes, then the superstores and supermarkets will be leading the way.

THE GROCERY INDUSTRY II

The dominance of the multiples

THE SUPERIORITY of the High Street supermarket multiples which have been fighting a well-publicised price war for the past 22 months took a sharp knock last January during the lorry drivers' strike.

Research carried out by the AGB company revealed that when the going was tough and food supplies were short, the housewife forgot all about price cuts and switched to convenience instead. Thus, in January the multiples share of the packaged grocery market fell to 62.5 per cent, a reversal of the trend for some time.

In November last year, the last full month of "normal" trading (ie, before Christmas and the haulage strike) the multiples had achieved a market share of 65.2 per cent according to AGB's figures.

The co-operatives and small independent stores benefited at the expense of the multiples during January, therefore, mainly because being small their shops were more readily accessible to the shopper. The bad weather and the pressure on supplies meant that all the benefits of large store shopping—which have become increasingly more apparent throughout the 1970s—were wiped out almost overnight.

All the major multiples, with the exception of International Stores, suffered a loss of trade in January because of the effects of the weather and strikes. International, whose competitive position in a normal trading period is hampered because of the large number of small stores it operates, was therefore also able to benefit from the adverse conditions.

Recovery

But, not surprisingly, the return to more normal conditions during February saw a recovery of the multiples' market share, to reach 64.5 per cent of the total market for packaged groceries sold through recognised grocery outlets.

The superiority of the multiple supermarket chains was re-established—but the events of last winter show clearly that in the fast moving world of grocery retailing, nothing can be taken for granted.

But the multiples' relentless march towards dominance of the grocery world during the 1970s is apparently unstoppable in the long term. Statistics produced by the Nielsen research company show just how relentless this progress has been.

In 1971, the multiples and independent grocers were running virtually neck and neck—with the multiples enjoying a slight edge with 44.3 per cent of the market and the independents 42.5 per cent.

But over the following seven years, the multiples have gained ground largely at the expense of the independents, with the co-operatives share remtining fairly constant throughout.

Thus by 1978, according to the Nielsen figures, the multiples had increased their market share to reach 53.3 per cent—a 9 per cent jump over the decade—while the independents' share had steadily dropped to 33.1 per cent, a fall of 9.4 per cent.

The reason for the multiples' growth has been simple: their shops are on average substantially much larger than those of the independents. And the name of the game now, with the fierce pressure on profit margins, is to secure as high a volume as possible while reducing overheads.

The benefit of size becomes even more clear when it is remembered that there are about 70,000 independent grocers—about ten times as many as there are multiple grocers.

Most market analysts expect that the grocery retailing trade in the 1980s will polarise between two extremes: large supermarket and superstores, and small, local convenience stores. The multiples firmly believe that their future lies in large store development, hence the large-scale investment programmes mounted throughout the 70s by most multiples, especially Tesco, Sainsbury, Asda, Fine Fare, and the co-operatives.

The reasons for the concentration on size are both economic and social. The overall static demand for food and the competitive pressures on operating costs and margins has meant that the key to profitability lies in achieving a higher volume of sales to compensate for the low margins. And the only way to achieve higher volume of sales, as well as cutting operating costs and take advantage of new distribution techniques, is to open large stores.

In addition, the multiples believe that large store shopping also meets a growing change in society. As more women go out to work, and the car owning population increases,

CONTINUED ON NEXT PAGE

Independents in decline

ALTHOUGH INDEPENDENT grocery retailers are by far the most numerous — overwhelming the multiples by ten-to-one — it is the independents who have lost the most from the High Street supermarket war.

The independents have lost not only market share to the multiples but small grocers have found it increasingly uneconomic to stay in business: some statistics suggest that as many as 19 small stores every week go out of business. Although proportionately more multiple chain stores have been closed in the past, this largely reflects the multiples' desire to close down small stores and open new superstores.

The new Tesco superstore at Pitsea, in Essex, for example, is 100 times the size of a 1,000 sq ft independent grocer — and 1,000 sq ft is considered large for an independent.

Yet, there are many in the trade who feel that the worst is over for the small grocer and that his share of the market will not only stabilise in the short-term but is also more assured in the longer-term.

Intensity

The problem the small, independent grocer has faced during the past few years of stiff competition is not unique and has been on the cards for the last two decades. The only difference now is the degree of intensity that the independent faces.

But the groups that have managed to withstand the effects of the High Street war best have been the voluntary, or symbol, groups, such as Spar, VG, Wavy Line and Mace. These symbol groups account for about 10 per cent of the packaged grocery market, according to AGB figures, and have some 21,000 stores in total. The more numerous independents have about a 9 per cent market share.

The voluntary group concept is both fascinating and unusual. It was born in the Netherlands during the 1930s but the evolutionary process began in Britain in the mid-50s. The genesis lay in the fear on the part of independent wholesalers that in the post-rationing era the fast growing multiple chains would price small retailers out of business. This, in turn, would rob the independent wholesaler of his trade.

Grocery distribution was, in any case, fairly rudimentary in those days with retailers gaining none of the benefits of bulk buying. Around the country, therefore—and roughly at the same time—individual wholesalers began to offer loyalty inducements to their best retail customers.

Retailers were invited to buy everything they could from one wholesaler for an across the board discount of, say, 2½ per cent. The incentives were given not only for the volume of business but also for continuity.

But from this two-tier system a three-tier system gradually emerged—though in different ways in different groups. The wholesalers were the original prime movers but as they came together they realised that their operations needed central co-ordination. Thus, central management structures were superimposed on the wholesale and retail levels.

By joining a voluntary group, the independent grocer receives the benefit of sources of finance for shop developments; advisory services; national advertising and special regional promotions; and a range of own-brand products for sale at lower prices.

The main voluntary groups are VG with some 3,300 stores and about 2 per cent of the market. Spar and Mace with about 4,000 stores each, and Wavy Line with just under 2,000 stores.

The development of the VG chain was carried out under the umbrella of what today is Ranks Hovis McDougall. In 1955, a south coast wholesaler called Stewart, a subsidiary of McDougall, embarked on the voluntary group trail. Mr. Richard Branston, who is now managing director of Allied Grocery Distributors, the parent company of the VG operation, began by recruiting 17 retailers supplied by one of the company's four wholesale depots.

The following year all four depots had switched to the voluntary group principle and by 1959 Branston had resigned from Stewart to form VG Grocery Services, whose only asset was the VG trademark.

By then, Stewart was a part of RHM and the other wholesalers within the chain had become part of the VG chain. But the operation was still regional and with the advent of commercial television in 1958 there was a premium on a national network organised roughly by TV network areas.

VG Grocery Services, therefore, began a recruitment campaign of wholesalers on a national basis, giving suitable candidates the franchise to use the VG name. This paved the way for regional and national television advertising campaigns to publicise promotions and promote own brand goods.

The voluntary groups now are largely associated with a major wholesaler. Booker McConnell is the dominant supplier of Mace and the merger of Linfood and Wheatsheaf last year means that both Spar and VG now come under its influence. Linfood controls 50 per cent of Spar outlets and 70 per cent of VG.

The trouble with the independent grocers, however, is that their stores are simply too small to compete economically with larger supermarkets. The Institute of Grocery Distribution's survey last year found that eight out of 10 independent stores were below 1,000 sq ft in size. Tesco's average store size is around 8,000 sq ft and Sainsbury's is 11,000 sq ft—but both groups and other multiples are constantly seeking to increase store size and build more superstores of more than 25,000 sq ft in size.

The voluntary groups acknowledge that very small shops are uneconomic to be run in competition with the multiple supermarkets. Some attempt is being made to increase some store sizes to offer greater competition—VG has a number of "Super VG's" under its wing—but the real future for the symbol and independent grocer must remain as the convenience store.

Stockbrokers Grieveson Grant put the small grocers' case in one of their recent circulars: "The small shop has strong defensive qualities against the pressures from the High Street competitors," the brokers say.

"The owner-occupier usually runs the shop himself, with the help of his wife and one or two part-time assistants. He lives above the shop and probably stays open later most evenings than his High Street competitors. He is probably open on a Sunday as well."

The independent and voluntary group grocery will always attract a certain, albeit small, percentage of shoppers who prefer to do their main shopping at a local store rather than go to a larger supermarket or superstore. But the advantage that the small grocer has is one of convenience: being there when the consumer needs a small item and is more concerned with its availability rather than the price.

In the U.S., for example, convenience stores are the fastest growing sector of the grocery retailing trade. Although this reflects the years when the small grocer virtually disappeared from the U.S. scene, it does show that whatever the economic case for large store expansion, there should always be a place for the independent grocer—and one that is economically viable as well.

David Churchill

Food manufacturers in the doldrums

FOR THOSE food manufacturers who thought 1978 was a bad year—with companies being squeezed between rising raw material and operating costs on one hand and Government price controls and a High Street price war on the other—then 1979 has so far turned out to be a disaster.

On top of the continuing pressures already mentioned, Britain's food manufacturers had to bear the brunt of the worst winter for many years from both the weather and industrial relations point of view.

The lorry drivers' strike in January brought sharply home to the public the delicate balance on which the food production chain operates in the UK. In addition, the severe wintry weather also showed how the climate could—"at a stroke"—cause food bills to soar as fresh vegetables became virtually non-existent because of several degrees of frost.

The effect of last winter's problem is likely to have repercussions throughout the food industry for the rest of this year and beyond, most likely reversing the gradual improvement in profitability of food manufacturers that had been noted towards the end of last year.

Dangers

If that happens, as seems inevitable, then the profitability of Britain's food manufacturers will continue on the slippery slope and eventually become a dangerous slide (to quote the former Food and Drink Industries' Council chairman, Sir Hector Laing, at a recent Press conference).

The end result could be collapse of some companies and even whole sectors—followed by the inevitable rationalisations, higher imports, and probably higher than necessary prices for the consumer.

The basic problem for the food manufacturers is that apart from short-term fluctuations, the demand for processed foodstuffs is virtually static and, to a certain extent, declining.

The steady rise in earnings over the past few years has not been matched by a corresponding increase in spending on food. Instead, the demand has been for consumer durables and other non-food items. Food manufacturers point out that some housewives' ability to buy more food (instead of just spending more because of inflation) is often limited by their husbands' reluctance to pass on the cost of living element in their pay rises.

Thus, in 1978, consumer expenditure rose on average by 5.5 per cent in real terms. But while expenditure on clothing increased by 9.6 per cent, and on consumer durables by as much as 16.1 per cent, expenditure on manufactured foods was virtually static.

The significance of the failure of food to show real growth is that food manufacturers have traditionally relied on volume sales to compensate for low profit margins. With the volume growth, low margins become a financial mill-stone—as companies such as Spillers have found. It was only a year ago that Spillers decided to pull out of bread production because of the impossibility of making an adequate return from the low margins on bread in a market when demand has been falling.

The effect on food manufacturers has been for a steady fall in profit margins throughout the 1970s. These now stand at about half to two-thirds the 1971 level which, at around 6 to 7 per cent, were not considered adequate even then. The cumulative effect of years of reduced profitability has meant a substantial cut-back in capital expenditure. There has been little new fixed investment: even worn-out machinery has not always been replaced and there is little financial scope in many companies for the introduction of new more efficient machinery to reduce costs and improve profitability.

The depressed financial climate has arguably led to a curtailment of innovation; stocks have been reduced to a bare minimum, with the consequent risk of interruption to supply; and consumer choice is reduced as very low profit margin items and "own-label" business is scrapped.

But if the basic cause of the problems facing the food manufacturing industry has its roots in the lack of growth on real food expenditure, the problem is compounded by the pressures from all sides on the manufacturers.

These pressures fall into three main areas: increased raw material and operating costs; Government intervention; and the power of grocery retailers to finance the High Street price war by squeezing large discounts out of manufacturers.

Mr. Derrick Hornby, chairman of the Food Manufacturers' Federation, warned at the Federation's recent annual conference: "I must say frankly to our retailer friends that manufacturers cannot afford any longer to finance their price war. If they continue to press for large discounts, some manufacturing firms will go out of business or be taken over."

He added: "The price war in the High Street is a direct result of the low rate of growth in food sales, coupled with intense competition."

Mr. Hornby said that this meant that food manufacturers were unable to pass on in full the increased costs they faced, as well as facing large discounts from supermarkets. Food manufacturers in the past have usually been forced to offer substantial discounts to supermarkets in order to secure a sufficiently high volume of production to stay profitable. With declining demand, there is too much food chasing too few buyers.

In the case of the bread industry, the chronic excess capacity in the industry meant that the three big bakers each had to offer large discounts to secure sales—thus further making production unprofitable. When Spillers finally decided to pull out, thus reducing the production capacity in the industry, both the remaining two big bakers each heavily cut their discounts to the supermarkets.

The stronger the brand loyalty from consumers—for Kelloggs cornflakes or Heinz baked beans, for example—then the easier it is for the manufacturers to resist demands for bigger discounts, while at the same time maintaining sales volume. Hence the £100m-plus spent on advertising food manufacturers' branded goods last year.

Mr. Hornby suggests that "it is not easy to estimate the effect on the level of food manufacturers' profitability of the supermarkets' pressure, but it must amount, in total, to a substantial sum."

The manufacturers also point out that profitability is hampered by the rise in raw material and packaging costs which have risen by about a quarter over the past two years. For example, last year's EEC price settlement increased the cost of many basic raw materials by about 10 per cent. Tin plate prices rose in 1978 by 10.6 per cent. while glass container prices rose by 8.1 per cent.

Problem

Another major problem has been the effect of the UK's adjustment to the Common Agricultural Policy and the continuing differences between the UK and some other EEC members as to the CAP's future. Food manufacturers would like to see a more positive strategy aimed at reducing high EEC prices and tackling the fundamental problems of surpluses.

But without doubt the food manufacturers' anger is directed first and foremost at Government price controls, which they believe are a political device, carried out mainly at the expense of the food industry with little economic justification.

Sir Hector Laing has warned: "The continued bureaucratic and political influence designed to hold down prices artificially to satisfy the political aims of cheaper prices for the consumer, while at the same time pursuing policies in other directions having precisely the opposite effect, has starved industry of profits."

The manufacturers' opposition is on two levels: price controls have blunted profitability by limiting necessary price rises; and they have had had the psychological effect in reducing confidence among managers in their ability to operate effectively. There is little doubt (and on this there remains some sympathy within the Price Commission) that the food industry has suffered more than most in recent years from price controls, mainly because food prices are such an electorally sensitive subject.

But it is also true that in spite of price controls, there has been little real effect on holding price rises down.

Manufacturers, however, are aware that the airing of their problems may not be popular: "If it is felt that these claims are the exaggerated bleatings of a wealthy industry, let me remind you of what was said a few years ago about motor-cars, motor-cycles, and ball bearings, among other industries," points out Sir Hector Laing.

He adds that these industries were assumed to be in unassailable positions in their markets, both at home and overseas, and were now in decline. "The consequences of ignoring their appeals and warnings are now history," he says.

Certainly, food manufacturers can see some solutions. The Monopolies and Mergers Commission is currently reviewing the whole question of manufacturers' discounts and may recommend legislation along the lines of that existing in the U.S. which would be of benefit to manufacturers.

And while the fierce competition in the High Street is continuing, there seems little scope for a renewed outbreak of deep price-cutting that was initiated by Tesco and J. Sainsbury over the past few years, simply because the supermarkets themselves cannot afford to launch a new offensive but must still continue with consolidating the present level of competition.

And a Conservative victory in this Thursday's General Election would almost certainly be welcomed by food manufacturers as meaning a reduction in Government interference in their affairs.

But according to the latest industry report from the Food and Drink Industries Council, the forecast for the remainder of 1979 would appear to be bearish.

"Wage claims, together with the inflationary road haulage settlement, combined with higher oil prices, are likely to mean that inflation rates in excess of 10 per cent will reappear," the report says. "The fortunes for the industry for 1979 are far from clear, but much is likely to depend on the trend of real incomes during the year."

D.C.

The multiples

CONTINUED FROM PREVIOUS PAGE

the advantages of a large shop once a week or fortnight or even longer are clear.

But the multiples push to achieve large store outlets also laid the basis for the current price war. At its simplest, the strategy is that by cutting prices (and profit margins), sufficient extra sales can be generated in the short term at least to cover the lost profits and at least to produce some real volume growth. But, more importantly, if the extra volume of sales can be maintained after the initial price cutting offensive, then a return to more realistic profit margins will mean substantially higher profits.

At the same time increased volume (and thus increased market share in a relatively static overall market) is achieved at the expense of the company's competitors.

The potential flaw to this strategy is if the price cuts do not lead to sufficiently larger sales—which because of the fickleness of the consumer can happen for a variety of reasons—then the company's profits suffer and it has to struggle to regain its former position. Many an ambitious market leader has floundered after the failure of an aggressive price-cutting campaign.

But Tesco's decision to spark off the latest price war, by dropping trading stamps in the summer of 1977, has certainly paid off with market share, sales volume, and profits all increased by record amounts. Sainsburys also has achieved record growth in sales, market share, and profits and it means that it and Tesco now dominates just under half the multiples share of the market.

Next, in terms of market share, comes Asda, the Northern-based superstore chain, operated by Associated Dairies. Asda has concentrated exclusively on superstore development (it opens its 50th store tomorrow, in Scotland) and is the company that both Tesco and Sainsbury must fear most as being capable of upsetting their market dominance.

Asda is currently attempting to break into the lucrative market in the South of England (it has traditionally been strongest in the North). In addition, it has sought to strengthen its non-food sales by a merger with Allied Retailers, the carpets and furniture group.

Another leading discount chain is Kwik Save, but unlike Asda, the Kwik Save formula has been based on a phenomenon known as limited range discounting. This system involves the store concentrating on a small number of most often purchased grocery items — a range of up to 1,000 instead of the usual 4,000-5,000 items stocked in a supermarket—and then selling these as quickly as possible at low prices.

Limited range discounting stores are a quick alternative to superstore development since large increases in volume sales can be achieved from a relatively small space.

Although Kwik Save has profited by the formula ever since the ubiquitious Mr. Albert Gubay founded the company in the 1960s, but most other supermarket chains have tended to use limited range discounting as a defensive measure against the large gains achieved by Tesco and Sainsbury as well as making small, uneconomic stores viable again.

Thus, Fine Fare—which is also big in superstores—has a successful limited range discount operation called Shoppers Paradise. International also operates a chain of such stores under the Pricerite banner.

Chain

Even Tesco, which has scorned limited range discounting in Britain (preferring instead to close down small stores or try different retailing ideas, such as fast food shops) has recently acquired a limited range discounting chain in the Republic of Ireland. The chain, called "Three Guys," was established by Mr. Gubay of Kwik Save fame, who now apparently plans to take the U.S. equally by storm.

Tesco says it has no plans at present to bring the "Three Guys" operation to the UK and indeed it would have little to gain from such a move. Instead, it is following a course that others may eventually be forced to adopt if the competition becomes too hot in Britain—namely, seeking growth overseas.

It is probably no coincidence that the three most successful multiples (Tesco, Sainsbury, and Asda) are all able to directly control their business without having to seek the approval of a parent company.

International Stores, for example, which turned a £5.3m trading profit into a £5.3m trading loss within a year, is a subsidiary of BAT Industries, the multinational tobacco company. And Fine Fare, with just over 4 per cent of the packaged grocery market, is owned by Associated British Foods.

While it is virtually impossible to determine how far a parent company intervenes in the running of its subsidiary, there must nevertheless be a certain degree of caution which companies such as Tesco and Sainsbury do not have to worry about.

The largest multiple, apart from the co-ops which because of their fragmented structure are more a series of individual multiples than one nationally controlled multiple, in terms of grocery outlets but not in market share is Cavenham Foods' subsidiary Allied Suppliers. Allied includes Liptons and Presto Stores and in total has just over 1,000 outlets. But it still remains behind Asda in market share, having about 5 per cent to Asda's 6 per cent.

During the early stages of the price war it had been suggested in the grocery trade that one or more of the larger multiples might collapse from the fierce competition. As yet none have gone, and most, in fact, have managed not only to hold onto their market share but also make very small increases along with the overall growth rate for multiples.

Thus, assuming that BAT remains loyal to International there do not appear any likely casualties among the major multiples from the High Street price war.

D.C.

Co-ops in strong position

WHILE MOST of the publicity from the High Street price war of the last 20 months has naturally gone to the supermarket multiples, it is worth making the point yet again that the largest single grocery retailer by far remains the co-operative retail societies.

The co-ops account for some 18 per cent of the packaged grocery market—the usual indicator of market share—according to AGB's figures, while Tesco has some 13 per cent and Sainsbury around 11 per cent. Admittedly, there are some 6,000 co-operative grocery outlets compared to Tesco's 600, but even so, the co-operatives are a force to be reckoned with in grocery retailing.

Moreover, the co-op movement is a force to be reckoned with by any means of accounting, as Sir Arthur Sugden, chief executive of the Co-Operative Wholesale Society made clear recently.

"The Co-operative Movement has 11m members while an even greater number—one in two of all shoppers in the UK—going into a co-op shop every second week, and there are a total of 8,500 shops of many different types and sizes," he says.

"We are the largest retailing organisation in Western Europe, with a turnover in 1977 of £2.5bn. We employ over 300,000 people. As grocers we are four times the size of our nearest rival.

"We own the largest fleet of motor vehicles in the country next to the Government (and they count their tanks and armoured cars). We have 150 factories and processing points at home and abroad, a travel agency, and a chain of hotels. We own the sixth biggest deposit bank and the ninth largest insurance society in the UK.

"We also supply nearly one third of the nation's liquid milk; we sell coal and other solid fuel worth over £80m a year—second only to the National Coal Board—and amongst other things, we are the nation's largest funeral contractor," he adds.

The fact, however, that the Co-operative grocery retailing performance does not receive the same recognition as that for Tesco and Sainsbury among others is probably due to several factors. One is that the image persists of the co-op as an old-fashioned grocery operation (belying the fact that the co-operatives were among the first to introduce supermarket sales techniques into the UK) which does not exude a dynamic appeal.

Another factor is that the co-operative lacks an aggressive centralised control of its grocery retailing operations: the 200 or so individual retail societies retain complete control of their own activities, although there has been a growing tendency to adopt a unified promotional campaign and marketing strategy. (But imagine what Sainsbury's performance would be like if each of its 200 plus stores had complete autonomy.)

In addition, the continual confusion and conflicting proposals over the future role and structure of the co-operative movement in the U.K. does little to create an image of a thrusting, dynamic retailer with a clear idea of where it is going and why (which is the image that Tesco has clearly implanted on the public's mind).

As with most massive organisations, the response to changing trading situations has always been fraught with problems. Thus, over the past three decades the co-operatives saw newer, more aggressive retailers outpace the organisation which had originally been in the forefront of the self-service concept.

In addition, in the non-food area, these competitors had actively pursued the younger and more affluent customers. These groups have provided a large part of the volume growth in retailing but who, by and large, have failed so significantly to be attartced to the co-op's old-fashioned virtues.

On paper, the co-operatives remained attractive: after all, they were pledged to help the consumer and to plough back profits in the shoppers' interest. They also had a social role that set them apart from strictly profit-seeking supermarket chains.

But the co-ops increasingly found that their stores were too small and less attractive to those being developed by other supermarket multiples. And co-ops were not especially cheap places in which to shop, even when the dividend was taken into account. Shoppers also had to take the trouble to join before they could take advantage of the divi payments.

The turning point came in the late 1960s when the Co-Operative Wholesale Society, having re-organised its own operations under a new and more professional management, started to turn its attention to the retailing side of the business. Not only did it set out to instil in the retail side of the movement a sense of direction it obviously had to follow if its trading fortunes were to revive, but it also had the cash resources to finance the necessary developments.

So, in the late 1960s and early 1970s, the co-operatives concentrated on a massive facelift campaign. Big new supermarkets were built with the aid of CWS finance and the old small, outlets closed down. In addition, a common co-op logo was adopted by most societies.

And, at the same time, a new concept was introduced for distributing the traditional dividend. Instead of the former credit to members' accounts, the co-ops switched to giving stamps to the value of the dividend on the amount spent.

This meant that for the ordinary shopper, the co-op became a trading stamp organisation in the same way as Tesco and others offered Green Shield trading stamps.

Although the dividend stamp has become seemingly old-fashioned following Tesco's spectacular abandoning of stamps and concentration on price cuts instead, the co-op's stamp has remained useful for two main reasons.

Efficient

In the first place, it is a fairly efficient means of distributing the dividend and shoppers are still aware that it is a distribution of the profits, or surplus.

Secondly, the dividend stamp system provides financial benefits to the co-ops as well, since most shoppers use books of stamps to buy goods from co-ops stores. In addition, the use of stamps also gives co-ops a cash flow benefit.

At the same time as these retailing changes, there took place a number of structural changes. In particular there has been a substantial reduction in the number of societies. From 700 or so societies in the late 1960s, there are now only just over 200 and the number is still falling.

Many of the larger societies that have resulted have been brought about by forced marriages. Others have had a more positive source, created out of the realisation that larger units are essential if the co-operative system is to compete successfully with its multiple store competitors.

In the last published accounts of two of the big London societies—the Royal Arsenal and the London Co-op—the ravages of competition were apparent. The Royal Arsenal reported a net loss of almost £970,000 in the year to January 21, 1978, on sales figures of almost £124m, as well as facing severe criticism from its shareholders. The London Co-op was forced to sell assets, including shares in London Weekend Television, to finance a £986,000 trading loss on sales of £207m.

At last year's Co-operative Congress at Scarborough a number of societies were criticised for not sticking to the financial disciplines expected of them. Some in the past have paid more out in dividends than they have made in surplus and have consequently run down their reserves.

At times during the three-day congress, these problems were highlighted by speakers from the platform who called for new initiatives by the Co-op's governing bodies.

But, ironically, the co-ops are probably now in their strongest position for a long time as grocery retailers. The co-ops appear to have developed a marketing strategy that encompasses all possible developments in the 1980s.

In the first place, the co-op movement is one of the biggest operators of superstores in the UK, thus giving it a significant stake in the future development of large store trading anticipated throughout the next decade.

Secondly, the co-op has continued to upgrade its larger supermarkets—"Our 1,000 best supermarkets will compete with those of Tesco and Sainsbury any day," says Mr. Barry Silverman, marketing manager of the CWS food division.

And, thirdly, the co-ops still have a large role to play in the small convenience store end of the market which is expected to remain.

The co-op has also hit back hard this year with a national promotional and advertising campaign which, for the first time, has been implemented on a regional basis—thus attempting to merge both the advantages of large size to the benefits of local trading.

D.C.

Search for superstore sites

THE HYPERMARKET battle has been raging in Britain for a full decade without real signs yet either of a treaty between the protagonists or even of simple battle-weariness.

For the past year the main theatre of war has transferred to London where two of the major superstore operators, Asda and Tesco are battling for permission to build true, free-standing hypermarkets.

London has been late on the agenda of the big operators; one reason being the difficulty of finding and preparing the sort of site needed for a 30,000 sq ft store with ground level parking adjacent.

Those which are now beginning to penetrate London in search of such sites are also finding the planning stage fraught with antagonism from local planners.

Reaction

Asda, for instance, made an attempt last year to build a superstore at Woolwich, but the plans were scrapped after a local opinion survey conducted by the council produced a negative reaction.

The group is now planning to participate in a £10m redevelopment of Millwall Football Club's ground in Lewisham. The scheme, which will also upgrade the sporting facilities, centres round a superstore of 79,000 sq. ft. (gross), with double-decker parking for 730 cars.

In order to find the space needed, the developers would have to buy in the adjoining former New Cross greyhound stadium. That is owned by Lewisham Council which is opposed to increased traffic in the area but might be tempted by the injection of new shopping facilities in an area which has been steadily losing them.

On the other side of London, Tesco is still battling, with the backing of British Rail, for a hypermarket on a site behind Wembley Stadium. The plans have already been turned down once and have now been revised to cover a more modest 8 acres only.

If it succeeds, this would be Tesco's first superstore in London—but not its first in the South East. In recent months it has opened an 82,000 sq. ft. unit at Pitsea in Essex. One of the new generation of superstores it includes "stores within a store," including a travel agent, a process well established in France and Belgium, countries which first established this pattern of shopping.

It has now become apparent that London is the main target for superstore operators and in response to this the GLC recently carried out a major study of the impact such stores would have on London.

The committee undertaking the study reported to the council last October when even by the more modest criterion applied (that the stores should have a sales area of 25,000 sq ft or more) only four had been established in the city.

The report opened by voicing concern over the impact on established shopping areas of "large-scale car-orientated developments outside existing centres" and laid down as a general guideline that stores on green field sites on the periphery of London shsould be resisted.

That principle will probably not greatly concern the main superstore operators which, if they plant to be in London, are generally looking for more central sites.

However, the council also lays down that in the main it prefers to see large new stores sited in existing centres and that could give local authorities the muscle to turn down applications for sites which are not immediately located round the High Streets.

These are the two major location factors. Other issues which will then assume prominence include: traffic generation with regard to the existing road network: car parking requirements: services for pedestrian shoppers or those who come by bus; the employment potential; general environmental problems; and planning gain.

Of prime importance among the factors will be the likely impact on the established pattern of shopping in existing centres particularly where these have been designated among the 28 strategic centres.

The report does warn that there is only scanty evidence to support fears that hypermarkets blight neighbouring shops, and what little evidence there is suggests that this detrimental impact is limited to smaller supermarkets in nearby centres.

In fact, a major study of such impact has been carried out for the past five years by Mr. Michael Lee, the economist at London surveyors, Donaldson.

Mr. Lee has regularly monitored the impact of the Caerphilly hypermarket run by Carrefour on the neighbouring town of Caerphilly in South Wales. His latest report suggests that in many respects the town is stronger than before the store opened.

Since the store opened in 1972, Caerphilly town centre has lost some retail traders but the service sector has grown bringing more shop premises into use and reducing the number of vacant premises.

Over the period, the main impact was on the hypermarket itself which lost a considerable proportion of its more distant customers with the establishment of no fewer than two 30,000 sq ft Asdas in the region plus two other stores, one of 75,000 sq ft and one of 30,000 sq ft.

In the last 18 months or so, the hypermarket has also suffered from the strength of the High Street supermarkets price war, which has eroded the attractions of the hypermarket prices, once billed as a steady 15 per cent below those in the High Street.

The entire sector has been suffering from this problem, of course, and figures emerging from the main operators suggest a flat 1978 with recovery only just beginning to show through.

Nonetheless, this has not inclined the major firms to reduce or withdraw from their building programmes.

Increase

There are now 171 such stores—the latest is located at with a sales space in excess of 25,000 sq ft. In 1978, 36 new stores were opened and another 60 have won their planning permission.

International Stores, for example, now has eight superstores, the latest is located at Aldershot (50,000 sq ft). By 1980, the group plans a further 12. J. Sainsbury and British Home Stores seem pleased with the early results from their 76,000 sq ft unit at Hempstead in Kent and have two more planned under the joint Savacentre banner—which will provide a further 153,000 sq ft.

But none of the operators pretend that it is easy to find the sites, and it is still well nigh impossible to win local planning permission without a long battle.

Despite the number of such stores which now exist throughout the country, local planners are still deeply reluctant to give the go-ahead to a development which they fear may disrupt the existing local retail pattern.

Curiously enough, that fear seems to have evaporated to a large degree at the higher planning levels.

According to Mr. Lee, who has monitored all superstore planning applications for the past seven or eight years, the top level of planners—up to Mr. Peter Shore, the Secretary of State—appear to have become much more reconciled to hypermarkets in the past couple of years.

Even where they have been opposed by the local council, hypermarkets are now receiving their permissions after public inquiries conducted by Department of Environment inspectors. Since 1976, Mr. Shore has not reversed a single permission recommended by his Inspectorate.

Christine Moir

Changing patterns in distribution

GROCERY DISTRIBUTION in Britain continues to be in a state of flux. Changes in the pattern of retailing—leading to greater consolidation — together with other factors such as rising transport costs have led to a greater recognition of the importance of distribution systems.

The grocery trade is responsible for about two-thirds of the food sales in Britain together with an increasing range of non-foods.

Last year about £18bn was spent on food, about 20 per cent of total consumer expenditure.

Events such as the lorry drivers' dispute last winter have focused greater public attention on physical distribution and underlined the industry's dependence on road transport.

In tonnage terms the food, drink and tobacco sector forms a growing proportion of the goods moved in the UK. In 1976, the sector accounted for 17.6 per cent of the total tonnage moved in Britain and was second only to minerals. More than 99 per cent of this 306m tonnes of food was carried by road.

The short-life nature of many foodstuffs, together with the growing emphasis on speed and economy, has meant that the grocery trade has become more dependent than most on reliable distribution systems and, in some instances, on direct factory-to-store deliveries.

The growth of the major chain store grocery retailers—largely at the expense of the smaller independent retailer—has led to a change in the balance of power between retailers and suppliers with the retailers taking more and more of the responsibility for distribution.

Centralised distribution systems have facilitated growing consolidation, permitted greater control over the movement of foods and led to innovations in the use of computers and automation, bulk handling, standardisation and communications.

This shift away from the more traditional distribution systems has led the professional distribution companies to seek specialised roles providing a total service package to the customer.

Despite the greater recognition of the importance of distribution systems to retailing one of the central complaints voiced by the professional distribution companies and others is that many grocery companies still do not have a real understanding of the costs and problems of distribution.

For this reason it is often difficult to establish the true costs of distribution in the grocery trade. Figures quoted by the Institute of Grocery Distribution in a series of case studies, published last month, suggest that distribution accounts for 16 per cent of total retail turnover. This would suggest that the cost to the grocery trade could be about £1.8bn a year.

There are, however, wide variations in the estimates of distribution costs within the industry. Some of these variations are undoubtably attributable to the use of different distribution methods and, in some instances, to economies of scale.

Trend

The search for economies of scale has led most multiple groups and co-operative societies to develop centralised physical distribution systems, a trend which is likely to continue.

In 1967, the then Supermarket Association estimated that 60 per cent of all manufacturers' grocery deliveries were made to retailers' own depots, the remaining 40 per cent being delivered direct to branches.

This figure has probably increased in recent years with the continuing growth of multiples and in 1976 it was estimated that 65 to 70 per cent of grocery stock passes through a centralised warehouse system provided either by a wholesaler, retailer or professional carrier.

However, some multiples, particularly Asda Stores and Carrefour, operate outlets sufficiently large to justify complete direct delivery and have no depots of their own.

The fact that the multiples now control more than 50 per cent of total grocery turnover, with Sainsbury and Tesco together accounting for almost 25 per cent of the packaged grocery market, has—and will continue to have—a major impact on distribution trends.

At the same time, the growth in the size of stores has eased some of the problems of congestion, delays and delivery restrictions associated with some of the smaller shops.

Nevertheless, problems encountered by suppliers and professional carriers in delivering to stores remains a common complaint. This has led to studies on the problems of delivery by such bodies as the Lorries and the Environment Committee which, in a report published in March, recommends the increased use of consolidation to improve load efficiency.

The committee said that overcoming problems at the point of delivery would "save a substantial proportion of distribution costs."

Top of the list of possible cost savings comes the eliminination of queueing to deliver—this, it is claimed, would save 12.25 per cent followed by better access and shop design and the use of larger vehicles (11.25 cost savings).

Greater use of consolidation (defined as combining products for delivery) could reduce distribution costs by up to 50 per cent. This might be achieved by the increased use of retailer distribution depots, parcel deliveries and professional distribution services and by co-operation between manufacturers.

The committee, investigating consolidation, found that 46 per cent of the value of deliveries were made in retailers' own vehicles with professional distribution service companies and parcel operators accounting for 12 per cent of the remainder. Manufacturers' vehicles account for 27 per cent of total deliveries, but make smaller drops per delivery.

Smaller capital investment in transport, economies of scale and a time lag before cost increases were passed on were suggested as the advantages of consolidation. Disadvantages, including the loss of direct control of delivery, could be overcome by internal reorganisation or buying specialised services from a distribution company. The committee's findings will be welcome to the professional distributors such as SPD, part of the Anglo-Dutch Unilever Group, and Cory distribution who have been fighting hard to retain their share of the grocery distribution trade against other operators and own account systems. In particular, the committee said that there "appeared to be opportunities" for many more manufacturers to use distribution companies for at least part of their deliveries.

The advantages of the specialised professional distribution company lies in its ability to provide a full service to the retailer. SPD, for example, operates more than 600 vans from 30 depots and delivers to more than 125,000 outlets.

In response to the pressure on its traditional grocery base, SPD has diversified providing a series of specialist services and a full integrated distribution package to customers including a range of management and sales support systems involving for example computer-run accounting and stock control.

The factors now affecting the changes in the distribution system were analysed in some detail by Mr. H. Smeeton, managing director of Cory distribution in a paper presented to the Institute, last November.

Mr. Smeeton identified the growth in own-label brands—which do not need to travel the same distribution route as branded goods—as one factor leading to a growth in direct deliveries to multiple retailers but to an increased use of consolidation by the smaller stores.

Other factors affecting the choice of a distribution system include the growth of the non-food sector in supermarkets, palletised loads and the emergence of limited-line discount stores.

It would, however, be dangerous to suggest that all these factors are pulling in the same direction. The grocery distribution system is complex and subject to often conflicting demands. The continued growth of the large multiple would tend to support the need for greater use of depot consilidation and in some cases for direct distribution.

Whether own-account vehicles or the hire and reward operator is used for this operation will depend on a second range of variables including the vulnerability of the system to industrial disruption, the need to release capital from transport fleets for other uses such as store development and the importance attached to vertical integration.

Environmental problems, urban congestion and store access also have an impact on the distribution system chosen.

The fate of the grocery distribution network is also closely tied in with that of the road haulage industry as a whole.

Higher oil prices and fierce competition have forced the industry to face up to low profit margins—identified in the Price Commission report last year. While the Commission's contention that there is room for increased operating efficiency is not one shared by the industry, the political sensitivity of food prices—and therefore the costs of distribution—is likely to ensure the issue continues to command attention.

The shape of Britain's grocery distribution system in the future will ultimately depend on a wide range of factors but will inevitably follow changes in retailing and the relationship between retailers and manufacturers.

However, because of the differing requirements of retailers, it is likely that there will be a need for a mix of systems and a continued, perhaps strengthened, role for the specialist professional carrier alongside own-account vehicles and other operators.

Paul Taylor

Wholesalers face more mergers

THE RACE began in the late fifties, sped through the sixties and closed in—what appeared to be—the finishing line in the mid-seventies. The wholesale grocery industry, however, still faces further mergers and rationalisation—as the Wheatsheaf takeover by Linfood last year indicated, when the prices war in the High Street drew the links between smaller grocers even closer together.

The pace has now slowed down, however, and the future will see few, albeit large mergers.

Wholesale grocers have been hit, not only by the growth of supermarkets, the price war between the multiples and a switch in allegiance of shoppers. The small grocer, a traditional outlet for wholesalers, accounts for an increasingly lower proportion of the total volume of grocery sales.

In 1961, there were 116,336 independent grocers in Britain, out of a total of 150,000. By 1966, the number had fallen to 96,451 and while there have been no official figures since then, estimates put the decline at 78,000 in 1975 and less than 76,000 last year. Independent operators have thus seen their market share of the grocery industry fall from 54 per cent in the 1950s to 36 per cent.

Wholesalers retaliated by moving into non-food lines, spreading their expertise into the cash and carry and catering business. They improved efficiency which meant closing old, inconveniently-sited warehouses, building and extending new single-storey depots and using new technology and mechanical-handling equipment.

Even so, wholesale grocery is a high volume/low margin business. Since 1976 margins have been squeezed considerably and many groups are now operating on a net profit of less than 1 per cent of turnover.

During 1975, several companies disappeared as separate entities, either following their acquisitions by another, or following a merger.

Budgett was the largest with 537,000 sq ft of warehouse space—sold by Barker and Dobson to Warriner and Mason.

Oriel Foods took on a number of wholesaling operations including Carryway, Morris and James, and A. B. Gibson.

Part of the reason for the disappearance of these firms has been the investment by outside interests. Booker McConnell, an international company with multifarious interests entered the food industry as part of its diversification programme.

It took over Alfred Button, Gardners (Bristol), Arthur Richardson and James Harper and integrated them in mid-1975 into one wholesale operation called Booker Belmont. RCA is Oriel's parent company while International Stores, part of BAT took on Kearley and Tonge. Warriner and Mason is part of Gallaher's operations.

The latest takeover merging Linfood and Wheatsheaf represents one of the biggest to date—worth £34m. Together sales are worth £753m covering a broad range of activities such as independent grocer supplies, cash and carry, catering supplies and retail.

The dropping of trading stamps by Tesco last June and the cutting of margins had forced a change in customer loyalties. Tesco and Sainsbury have increased their combined market share of the packaged grocery market by around 5 per cent taking £500m of sales away from other grocers. It has been the thousands of smaller grocers that have fared worst.

Link-ups

Even without 1977's marked increase in price competition mergers of the big wholesale groups would most probably have occurred anyway. Wholesale link-ups and the formation of voluntary groups have formed a major part of the industry's growth in the last 20 years.

Apart from independents which either receive goods through cash and carry operations or by delivery, voluntary groups one of the more viable, effective means of competing with the major multiples—although achieved to the cost of margins. Wholesalers operating in different parts of the country got together in companies which co-ordinated at least part of the buying. They, like retailers, retained their independence while co-operating in certain areas.

Many of the voluntary or symbol groups as they are called, interact with cash and carry wholesaling operations. Today, voluntary groups sell over 10 per cent of groceries in this country. Spar alone with nearly 4,000 outlets has 4 per cent of the market while VG with just over 3,000 outlets has 2 per cent.

Cash and carry groups were by-products of diversification in the sixties. Around four-fifths of Britain's around 600 cash and carry depots are owned by the 14 biggest operators or their member companies and they account for about 90 per cent of all cash and carry turnover—estimated last year at £2bn.

These major operators divide into three categories: cash and carry groups with voluntary group affiliations, cash and carry groups without voluntary links and independent multiple wholesalers.

In the voluntary-linked group, Trademarkets (VG), Keencost (Mace) and Value Centre (Spar) are among the biggest. Before Kearley and Tonge took over Capital's Alliance business, Capital was the largest, with £320m sales in 1977

The number of depots in the cash and carry line does not necessarily mean greater turnover. Keencost has around 100 depots but the lowest sales per depot at an average of £2m a depot. ICCG, with around 43 depots has, on the other hand, pushed sales per depot above the national average to £3.72m.

Makro emerges as the clear leader: with only six and one-half depots operating last year its average sales per depot amount to £28.8m.

Makro, the Dutch-based cash and carry group (preferring the word self-service to cash and carry), is one of the biggest after Nurdin and Peacock. Sales last year rose by 32 per cent to £178m from the £134m the previous year.

The group claims its share of the cash and carry business has risen from 7.5 per cent in 1977 to over 9 per cent. Its warehouses can stock up to 25,000 different lines and have parking for up 1,000 cars. Expansion in the past year included a new Makro centre at Glasgow and later this year a 20,000 sq ft extension to the group's Newcastle centre will be opened, bringing total floor space to 977,000 sq ft.

Cash-and-carry centres—particularly the bigger ones—have diversified into non-food lines. About half of Makro's sales are in non-foods. Most consider that a minimum of 2,500 sq ft for non-food is essential and that a suitable depot must have high food turnover and traffic flow.

Coleen Toomey

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
17M 17S	Treasury 3pc '79‡‡	97¾	8.2	3.08	10.04

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
30 Je 31 D	Do. 7¼pcA Deb. '89-92	70	27.11	10.85	12.30
31Mr 30S	Do. 7¼pcA Db. '91-94	67xd	12.2	10.82	12.00
31Mr30S	Do. 9pc 'A' '91-94	79xd	12.2	11.39	12.00
28F 31A	Do. 8⅞pcLn. '92-97	77	29.1	11.81	12.00

FOREIGN BONDS & RAILS

Interest Due	Stock	Price £	Last xd	Div % Gross	Red. Yield
—	Antofagasta Rly.	22	8.71	—	—
1J 1J	Do. 5pc Pref.	40	13.11	—	—
1J 1J	Chilean Mixed	98	2.10	—	13.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 25¼% (based on US$2.0550 per £)
Conversion factor 0.8009 (0.7854)

CANADIANS

S.E. List Premium 25¼% (based on $2.3486 per £)

BANKS AND HIRE PURCHASE

	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
June Dec.	Gerrard Natnl.	232	30.10	9.12	—	6.0	—
May Nov.	Gibbs (A.)	48½	2.10	2.2	—	7.1	—
Mar. Aug.	Gillett Bros. £1	268	26.2	16.95	—	9.4	—
June	Goode D't Mry.5p	28	12.3	0.25	—	1.3	—
Nov. April	Grindlays	144	12.3	3.07	7.5	3.2	4.5
April Oct.	Guinness Peat	108	12.2	H5.67	—	7.8	—
Dec. July	Hambros	276	27.11	†9.76	—	5.3	—
Dec. July	Hill Samuel	110	13.11	†4.97	—	6.8	—
—	Do. Warrants	315	—	—	—	—	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10, Cannon Street, London EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

TINS

COPPER

June	Dec.	Messina R0.50	107	12.12	—	—	—

MISCELLANEOUS

—		Barymin	64	—	—	—	—
—		Burma Mines 17½p	10	5.75	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	265	3.1	—	—	—
November		Northgate C$1	390	30.9	—	—	—
Jan.	July	R.T.Z.	335	30.10	17.5	φ2.6	5.2
—		Robert Mines	26½	—	—	—	—
—		Sabina Inds. C$1.	44	—	—	—	—
—		Tara Exptn. $1	750	—	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

Feb.	Aug.	Buffels R1	$13	2.1	Q190c	φ	16.8
Aug.	Feb.	East Drie R1	$10¾	2.1	Q115c	1.6	12.7
Aug.	Feb.	East Rand Prp. R1	440c	2.1	Q10c	—	2.7
June	Dec.	F.S. Geduld 50c.	$29½	30.10	†Q315c	2.4	15.7
June	Dec.	Pres. Brand 50c.	$24½	30.10	†Q150c	3.2	12.1
May	Nov.	St. Helena R1	$12⅝	26.3	Q190c	1.4	17.7
Aug.	Feb.	Stilfontein 50c.	570c	2.1	Q66c	φ	13.4
Aug.	Feb.	Vaal Reefs 50c.	$23½	29.1	Q280c	2.7	13.7
Feb.	Aug.	West Drie R1	$33½	2.1	†Q385c	1.7	13.2
June	Dec.	West Hldgs. 50c.	$30¾	2.5	†Q415c	1.4	16.0
Feb.	Aug.	Western Deep R2	$17½	29.1	Q147½c	2.1	14.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- [illegible] Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- [illegible] Not comparable.
- [illegible] Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- £ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- [illegible] Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27½	......
Ash Spinning	105	......
Bertam	28	......
Bdg'wtr. Est. 50p	407	+4
Clover Croft	28	......
Craig & Rose £1	£10⅞	......
Dyson (R. A.) A	35	......
Ellis & McHdy	70	......
Evered	20xd	......
Fife Forge	54	......
Finlay Pkg. 5p	21xd	......
Graig Ship. £1	180	......
Higsons Brew	85	......
Holt (Jos) 25p	269xd	......
I.O.M. Stm. £1	165	......
Pearce (C. H.)	215	......
Peel Mills	30	......
Sheff. Refrshmt.	82	......
Sindall (Wm.)	142	......

IRISH

Conv. 9% '80/82	£92⅛	......
Alliance Gas	106	+2
Arnott	385	......
Carroll (P.J.)	105	......
Clondalkin	86	+1
Concrete Prods.	90	......
Helton (Hldgs.)	62	......
Ins. Corp.	210xd	......
Irish Ropes	105	......
Jacob	37xd	+1
T.M.G.	245	......
Unidare	85	......

OPTIONS

3-month Call Rates

FINANCIAL TIMES

Monday April 30 1979

Sears puts off price rises

By David Buchan, in Washington

SEARS ROEBUCK, the biggest U.S. retailing chain, is to postpone some of its planned price increases this week, after an appeal by President Carter. It is the first time he has directly intervened at company level to bolster his sagging voluntary anti-inflation policy.

The President spoke to top Sears executives on Friday, after the bad news that consumer prices had risen in the first three months of this year at an annual rate of 13 per cent, the fastest pace for four and a half years.

The calculation by the White House, which has little except public opinion to back its policy, was that big concerns selling directly to the public, could not afford to be branded as flouting the price guidelines. These urge companies to hold their price increases to half a percentage point less than those in 1976-77.

Two companies which have put off back price increases with less fuss were Aluminium Company of America (ALCOA) and Scott Paper. Meanwhile, the Council on Wage and Price Stability, the watchdog of the anti-inflation programme, has named two other paper companies, Crown Zellerbach and Hammermill Paper, as probably violating the price standard.

Naming "guilty" companies is partly seen as a sop to the trade unions which view the latest inflation figures, with the recent surge in corporate profits for the first quarter, as evidence that U.S. business is not playing its part in the anti-inflation fight.

Many big unions, however, are also being less than co-operative. By all except the administration's arithmetic, the recent wage settlement won by the Teamsters' truck drivers union severely breached the President's request for a 7 per cent ceiling on annual pay increases.

Mr. Douglas Fraser, President of the United Auto Workers Union, whose 700,000 [illegible] will negotiate a new [illegible] later this year, [illegible] the guideline has [illegible] "disintegrated."

Iran holds down oil exports

BY SIMON HENDERSON IN TEHRAN

IRAN IS to hold down its oil exports to about 3m barrels a day, which is less than two-thirds of pre-revolution output, and says it can produce this without foreign oil experts.

In its clearest policy statement yet, the National Iranian Oil Company said it had been instructed by its Government not to exceed total production of 4m barrels a day, including domestic demand production.

The shortfall from pre-revolutionary production levels of more than 6m b/d is equal to between 4 per cent and 5 per cent of world crude output.

But the 4m b/d production figure is entirely in line with oil industry forecasts and, while oil supplies are certain to be tight this winter, it is unlikely to lead to an energy crisis in the West.

Earlier this month Shell, which has just signed a contract to lift 235,000 b/d from Iran, said that by the end of the third quarter of this year, it expected oil stocks in the West to be down on last year by seven or eight days.

Shell said there would have to be reductions in oil consumption—but that it would be possible to avoid a crisis with careful conservation.

Exxon, the U.S.-based oil major, has also warned of severe oil shortages this winter if steps are not taken to reduce consumption.

Last week British Petroleum, worst hit of all the oil companies by the revolution in Iran, started implementing its plan to make further cutbacks to third-party customers. Like Shell, BP has signed a contract with Iran and this will give the company 450,000 barrels a day of crude.

Mr Hassan Nazih, NIOC's chairman, said in Tehran yesterday that 35 nine-month agreement for 2.3m b/d had so far been signed, ranging from one deal for 5,000 b/d to the 450,000 b/d sold to British Petroleum. BP previously purchased 1.2m b/d when it led a consortium of companies using nearly 1,000 experts to produce most of Iran's oil.

In his breakdown of the contracts signed, Mr. Nazih said 21 had been with independent European, American and Japanese companies, totalling 950,000 b/d, eight with former member of the consortium, 1.1m b/d, and six with other countries for 270,000 b.d.

Twenty more agreements were in the process of being signed with companies in India, Spain, West Germany, Sri Lanka, and East Europe for a total of 700,000 b/d.

The balance of production expected to fluctuate between 3.5 and 4m b/d is made up of spot sales and domestic demand of 700,000 barrels.

Industry experts say that on these figures some former members of the consortium, like Exxon and Texaco, will not be able to buy as much they would like. BP, Shell, Compagnie Francaise des Petroles and Gulf alone have already arranged to buy 945,000 b/d of the total available to former consortium members of 1.1m b/d.

The contract price is believed to be around $16.47 per barrel for light crude and $16.04 for heavy crude. Additional conditions imposed by the Iranians are said to be that spot spurchases of Iranian oil should already have been made, and that three per cent should be taken as bunker fuel.

This style of selling, said to be unusual in the oil industry, has meant that the American company Exxon is reported to be buying only 50,000 b/d instead of an intended 200,000 b/d.

Mr. Nazih repeated that Iran would not sell oil to Israel or South Africa.

Tory stars raise Equity

Mrs. Thatcher, flanked by Lord Thorneycroft and Mr. Jim Prior, acknowledges the applause at the end of yesterday's star studded spectacular at the Wembley Conference Centre, North London, when a small contingent of Equity members led the assembled 2,000 Tory trade unionists in a special version of "Hello Dolly." The song, which contained such rousing sentiments as "you're going strong Maggie, won't be long Maggie, till you that turn that key, then Mrs. T. you'll see Big Ben," appears to have taken over from last week's Conservative anthem of "Blue is the colour, Maggie is the name."

Shell and BP must surrender Rhodesia oil data to police

BY SUE CAMERON

BRITISH PETROLEUM and Shell have been served with notices requiring them to give all documents concerned with Rhodesian oil supplies to Scotland Yard.

The notices, which were served at the behest of Sir Thomas Hetherington, the Director of Public Prosecutions, were authorised by Dr. David Owen, the Foreign Secretary, under the Rhodesian Sanctions Order, 1968. They order the two oil majors to deliver the necessary documentation to Scotland Yard within a specified time, but last night BP and Shell both refused to say when the deadline was.

The two companies said that the notices had been served on them on Friday night, and both said they would be complying with them. Neither company would comment any further.

The serving of the notices follows the completion of a police report on alleged sanctions breaking by Shell and BP which has now been sent to the DPP. Scotland Yard was asked to investigate the two oil groups and report back to the DPP last autumn after the publication of the Bingham report on sanctions breaking. The Yard said last night that any further action against Shell or BP would have to be decided on by the DPP.

It is understood that the demand for documents from BP and Shell does not necessarily imply that prosecutions are in the offing. The DPP's office does sometimes ask for further information—beyond that provided by a police report—before making a final decision on whether or not to take action.

The Bingham report, published last September, concluded that southern African subsidiaries of Shell and BP sold oil directly to middlemen acting for the Rhodesian Government in seven of the years following the imposition of sanctions in 1965.

It also found that, for a further three years, the BP and Shell subsidiaries were involved in a swap arrangement with Total of France which enabled Rhodesia to be supplied with oil.

The Bingham report further disclosed that the Labour Government had been told of the sanctions breaches in 1968.

THE LEX COLUMN

Translation snags for *Loi Monory*

The prospect of a Conservative victory on Thursday has already done a great deal for the Stock Exchange, but the party has not been short of advice on how it might do rather more. In particular, the rather vague promise in the manifesto that tax policies "generally will provide incentive to save and build up capital" has left open the question of whether some specific encouragements to the purchase of equities, on the lines of the Loi Monory in France, might be introduced here.

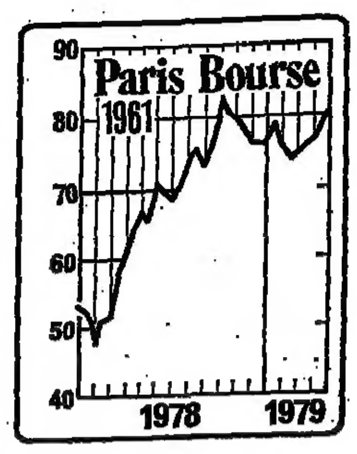
The major reform of the Monory law is both elegant and radical—each taxpayer may deduct up to FFr 5,000 a year for four years from his taxable income provided that his net holdings of French equities increase each year by the same amount. The law's other provisions, encouraging the issue of preference shares and the advance of unsecured loans with a rate of interest linked to the borrowing company's earnings, have had a relatively small impact.

But the equity investment scheme has shown impressive results. The first deadline was December 31, 1978, and although some French taxpayers seem to have taken a good deal of persuading that there was no sinister catch behind the Government's apparent generosity, something over FFr 5bn seems to have gone into the Bourse thanks to the new law

One reason for the introduction of the law was to encourage the building up of savings. Although the advantages provisionally expire at the end of 1981, anyone within 15 years of retirement may go on setting off share purchases against tax until pensionable age — which means until 1996 at the latest. But the root of the new legislation was official concern over the worsening financial position of French companies.

The French boom was still running very strongly in 1973, and companies carried heavy capital spending commitments into the subsequent recession. By 1977 major French companies were on average more highly geared than their foreign competitors and had a much more precarious cash position.

Against this background the Monory law should be seen as an attempt to take advantage of the very strong stock market conditions immediately after last year's parliamentary elections in France. There were rights issues of about FFr 4.4bn last year, of which something over FFr 3½bn were offered to the public for investment.



New issues were launched by a number of blue chip companies—Cie Générale d'Electricité, Cie Française des Pétroles, Lafarge, Saint-Gobain-Pont-à-Mousson—which might have come to the market anyway, although it is certain that the flows of "Monory money" into the market (FFr 3.5bn of it through special unit trusts) kept conditions firm.

This year may be different. The major banks and the Patronat (Employers' federation) are expecting a lower overall figure. Even if industrial investment is on a rising trend, new spending will be increasingly self-financed, as profit margins have recovered somewhat with the lifting of price controls and the fall in interest rates.

If there was a surge of spending by French companies, however, they probably would find themselves raising equity capital, if only because the controls on bank credit expansion put a fairly low ceiling on overdraft growth. Funds from long-term State lending institutions such as the Crédit National are not subject to the credit restrictions, but corporate direct access to the domestic bond market is becoming more difficult as the deficits of State bodies and the State itself crowd out private borrowers. In the last few months the private sector's share of the primary bond market has fallen to about 10 per cent from 25 per cent.

But if company spending is as sluggish as the Patronat expects it to be, and as the dull order books of capital goods manufacturers suggest, then companies will not come to market for funds and the Monory money will go straight into the secondary market. The banks are expecting up to FFr 7bn this year on the assumption that every household with a taxable income of FFr 80,000 or more, and quite a few below that figure, will take advant[age] of the now familiar sche[me]. Following what ought to be [a] satisfactory company res[ults] season, a flow of funds on [a] scale, mostly in the last quar[ter] of the year before the tax de[ad]line, could push the market very strongly.

But the Tories should not [be] misled into thinking of [the] Monory law as being primar[ily] a small shareholders' char[ter]. The French Government [is] certainly anxious to wean thrifty citizens off gold b[ut] but its overriding intention [is] to restore the financial health [of] the corporate sector by incre[as]ing the liquidity available [to] the Bourse. In London, i[nsti]tutional cash flow is so g[reat] that there is no real shortage [of] equity finance, particularly [if] public sector borrowing is to [be] reduced. The Loi Monory is [not] —or not primarily—a gimmi[ck]; a British imitation just mi[ght] be.

Today ED 24, the [new] exposure draft on current c[ost] accounting, is formally unvei[led] —with its introduction of t[he] MWCA, which is not a NA[TO] fighter-bomber but stands [for] the monetary working capi[tal] adjustment. This measure [will] split the gearing adjustme[nt] between that part which relat[es] to operations and that p[art] which reflects the long te[rm] financing of the business is [a] worthwhile step. But there a[re] tricky problems of definiti[on] which will involve drawi[ng] demarcation lines in what w[ill] often be arbitrary positions.

For the rest, the new pr[ovi]sional standard—sensibly taki[ng] a step at a time—mostly de[als] with developments in presen[ta]tion and coverage, compar[ed] with the interim Hyde gui[de]lines, rather than with chang[es] of concept. The Account[ing] Standards Committee still [has] plenty of battles to win. It[s] not even trying to get proper[ty] companies to comply — [an] exemption which the shippi[ng] companies may envy. Questi[ons] of auditing and enforceme[nt] remain to be decided.

Meanwhile, congratulatio[ns] are due to brokers W. Gre[en]well for producing an insta[nt] book of ED 24 company ea[rn]ings calculations, a day ahe[ad] of Phillips and Drew, who ha[ve] previously tended to monop[ol]ise the inflation accounti[ng] field. On average, ED 24 ea[rn]ings per share (mostly for 197[8]) are estimated to fall 22 p[er] cent short of the historical c[ost] figures. This agrees ve[ry] closely with the 24 per c[ent] shortfall to be published by [P] and D tomorrow.

U.S. agrees Japan N-fuel shipment

By David Fishlock, Science Editor

THE U.S. Administration has approved the export of another shipload of spent nuclear fuel by Japan for reprocessing at Windscale in Britain and La Hague in France.

The U.S. Nuclear Regulatory Commission has signed the documents giving approval for the Japanese fuel—originally enriched by the U.S. Government—to be reprocessed.

One final hurdle remains—approval from Congress, before which the MB-10 documents, requesting export permission, must lie for 15 days of continuous session. This started last week.

There are signs of a new agreement between the U.S. and Japan which may prevent future delays in approving transfers of spent fuel. It would guarantee speedy approval of the Japanese request for MB-10s in exchange for a public statement by Japan that its interest in using plutonium to re-fuel its present reactors has greatly diminished.

It had been feared that the reactor accident on Three Mile Island and its wider consequences for U.S. nuclear power—the major preoccupation of the Nuclear Regulatory Commission — might delay indefinitely requests for export permission.

This would have created serious difficulties for two Japanese electrical companies, Tokyo Electric Power and Kansai Electric Power, which have reactors whose spent fuel storage capacity is now almost fully utilised, and which could lose their licence to operate if they have insufficient empty storage capacity.

The Japanese utilities, under the terms of their contracts with British Nuclear Fuels and with Cogema in France to reprocess 4,600 tonnes of spent fuel must also meet any losses incurred by these companies through delay to the vessel despatched by BNFL to pick it up.

Feature, Page 16; Windscale leak Page 4

Big foreign currency inflows

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

[illegible] amount of foreign currency is likely to [have flow]ed into the UK this month, most of it before the Bank of England's decision on April 5 to stop large-scale intervention to check exchange rate rises.

This is expected to be shown by the official reserve figures for April, due out on Wednesday. These are the only remaining major economic statistics due before the election.

The direction of change in the published reserves total is still unclear because there may have been sizeable repayments of overseas debt, as well as some new borrowing. The reserves stood at $21.95bn (£10.7bn) at the end of March.

In the first few days of April inflows may have amounted to several hundred million dollars following in underlying rise in the reserves of $1bn in March.

Concern about the possible implications of these inflows for domestic monetary control led to a change in intervention tactics on April 5. This was followed by a sharp, but short-lived rise in sterling.

The Bank has not, however, completely withdrawn. Its policy appears to have been to try to keep the market guessing about its objectives.

There were, for example, [illegible] in the middle of last week. This occurred when the trade-weighted index, measuring sterling's value against a basket of other currencies, fell by more than 1 per cent in a day, back to its level of before April 5.

The other main influence on the reserves this month will be the restructuring of overseas debt. Mr. Denis Healey, the Chancellor, announced in his caretaker Budget speech on April 3 that $1bn would be repaid to the International Monetary Fund this year; it is not yet clear when this will occur.

Markets Page 31

Navy £70m satellite deal

BY JOHN LLOYD

A NEW, satellite-based communications system is to be introduced soon to a number of larger British naval vessels under a contract worth £70m.

It is understood that the Ministry of Defence is negotiating with Marconi Space and Defence, a subsidiary of the General Electric Company (GEC), over the provision of a Mark II terminal for a number of ships, which will progressively replace the Mark I systems.

The system, known as SCOT, is still being developed. Dr. John Gilbert, the Defence Minister, said yesterday it would make the UK communications system compatible with those of NATO and the U.S. Navy. SCOT will allow more efficient tracking of enemy aircraft and submarines. It will operate through the MARISAT maritime satellite network.

Continued from Page 1

Inflation accounting

In other ways the new draft takes the current cost accounting method of adjusting for inflation a good deal further. The key development is the "monetary working capital adjustment," MWCA for short.

This charges the current cost profit and loss account with the cost of maintaining working capital in current terms, instead of just maintaining stocks and assets—as in the "Hyde Guidelines."

The additional element in the MWCA is a correction for the inflation effect on debtors less creditors. The logic of this is that a company loses from lending money and gains from borrowing.

Other developments from Hyde are that ED 24 calls for a current cost balance sheet and for current cost earnings per share to be shown by listed companies.

Continued from Page 1

Times

works yesterday, but that they would be unable to do so subsequently. The police, it said, advised that attempts to produce the newspaper would lead to violence.

A spokesman for TER Druckerei said there was a crowd of 300 outside the print works and many were Turkish. He had been told by the police that there were also a number of known Communist activists in the group. About four policemen were on duty.

He confirmed that it was The Times which had decided to call off the print run. "We were prepared to go ahead and our workers supported us. We had printed about 300 copies when The Times called off the run," he said.

According to The Times management, plans to produce the European edition in the Frankfurt area have now been abandoned, but Mr. Rees-Mogg did not rule out attempts to print the edition elsewhere in West Germany. He deplored the fact that a magazine with a world-wide circulation could be prevented from publishing by threats of "criminal violence."

Weather

UK TODAY

RAIN, strong to gale force winds, cold.

London, S.E. England, Midlands
Showers, sunny intervals. Max. 8C (46F).

E. Anglia, E. England, Cent. N. England
Showers, bright intervals. Very cold. Max 4-6C (39-43F).

Cent. S. England, Channel Isles, S.W. England, S. Wales
Rain, bright intervals gales near coasts. Max 8C (46F).

N. Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow, N. Ireland
Showers, heavy at times, bright intervals. Very cold. Max. 4-6C (39-43F).

N.E. England, Rest of Scotland, Orkney, Shetland
Wintry showers, bright intervals. Very cold. Max. 2-4C (36-39F).

● Outlook: Showers, bright intervals, very cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Lisbon	S	17	63
Algiers	F	18	64	Locarno	S	12	54
Amsdm.	C	10	50	London	C	12	54
Athens	S	21	70	Luxmbg.	C	5	41
Bahrain	S	28	82	Luxor	F	15	59
Barcina.	C	12	54	Madrid	F	16	61
Belfast	R	10	50	Majorca	F	14	57
Belgrd.	C	12	54	Malaga	S	18	64
Berlin	C	12	54	Malta	S	18	64
Biarritz	S	12	54	M'chstr	R	9	48
Bmghm.	C	11	52	Melbne.	S	17	63
Blackpl.	R	8	46	Milan	C	13	55
Bordx.	C	12	54	Mntreal.	C	10	50
Boulgn.	C	9	48	Moscow	S	21	70
Bristol	C	12	54	Munich	C	9	48
Brussels	C	10	50	Nairobi	S	23	73
Budpst.	C	10	50	Naples	F	12	54
Cairo	S	34	94	N. York	S	19	63
Cardiff	C	11	52	Nice	F	15	59
Cas'b'ca	S	18	64	Oporto	S	21	70
Cape T.	C	20	68	Oslo	C	6	43
Chicago	R	6	43	Paris	F	11	52
Cologne	C	11	52	Perth	S	29	84
Conhgn.	C	7	45	Prague	C	10	50
Corfu	F	13	61	Reykjvk.	F	−2	28
Dublin	C	10	50	Rhodes	F	27	81
Dbrvnk.	F	16	61	Rio J'o	S	26	79
Ednbgh.	C	12	54	Rome	S	16	61
Faro	S	21	70	Salzbrg.	C	11	52
Florence	C	16	61	Singapr.	S	18	82
Frankft.	C	11	52	Stckhm.	C	7	45
Funchal	S	17	63	Strasbg.	C	13	55
Geneva	S	11	52	Sydney	C	21	70
Gibrltr.	S	17	63	Tangier	S	19	66
Glasgow	R	9	48	Tehran	S	15	59
G'rnsey	C	10	50	Tel Aviv	S	36	97
Helsinki	C	3	37	Tenerife	F	15	59
H. Kong	C	24	75	Tokyo	C	17	63
Innsbrk.	F	13	55	Toronto	C	7	45
Invrnss.	C	9	48	Tunis	F	18	64
I.o.Man	C	9	48	Valencia	C	20	68
Istanbul	F	22	72	Venice	F	13	55
Jersey	Fg	9	48	Vienna	F	11	52
Jo'burg	S	23	73	Warsaw	C	9	48
L. Plms.	S	20	68	Zurich	F	11	52

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.